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NEWS SUMMARY

Thomson meet GA leaders

Thomson, chairman of International Thomson, is to meet leaders of National Graphical Association to discuss the distribution of the Times Newspapers for seven months.

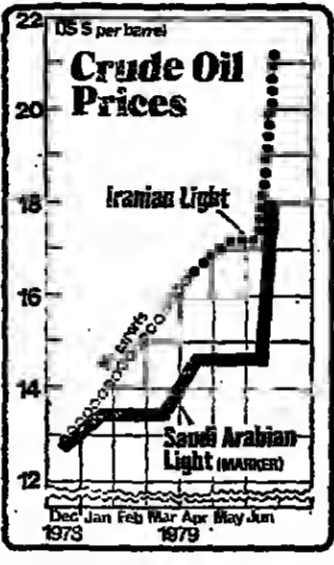
Equities gain 2.4; Gold down \$4 1/2

EQUITY leaders edged forward on selective buying, encouraged by the gilt market where two top stocks were activated. The FT 30-share index rose 2.4 to 469.3.

OPEC compromise will raise crude price at least 15%

BY RICHARD JOHNS IN GENEVA

The Organisation of Petroleum Exporting Countries reached an awkward compromise yesterday after two days' hard bargaining that will mean an average increase in oil prices of not less than 15 per cent over present levels.



Petrol to rise 10p a gallon

THE PRICE of petrol in the UK is expected to go up by around 10p a gallon in the wake of the OPEC price rises. The prices of other oil products such as diesel and heating oil will increase by a similar amount.

Saudi Arabia cuts credit to 30 days

SAUDI ARABIA is halving the period of credit it allows on its oil sales from 60 to 30 days, effective from July 1.

STERLING rose to a four-year high against the dollar at \$2.190, up 1.30c on the day.

GILTS advanced on revived investment demand and the Government Securities index was up 0.24 at 70.51.

The new OPEC rates, based on an effective two-tier price system, will on average be more than 50 per cent higher than those charged in 1978.

WALL STREET closed 2.52 up at \$43.04.

U.S. MONEY SUPPLY: M1 up \$400m to \$368.9bn; M2 up \$23bn to \$904.9bn.

Saudi Arabia, which produces just a third of OPEC production, will sell its oil at \$18 a barrel.

London Gold Price

FILM INDUSTRY: sweeping tax changes to help its participants retain profits and earnings, says a committee headed by Sir Harold Wilson.

Under the new agreement, however, OPEC members will be allowed to add a premium to their basic price, up to an upper limit of \$23.50 a barrel.

U.S. ADVERTISING Agency Young and Rubicam plans to acquire Marsteller Inc., another private agency, to form what is expected to be the country's largest advertising group.

POST OFFICE faces an extra \$35m cost for interest charges on money borrowed to pay wages as industrial action by clerical staff held up collection of \$500m of telephone bills.

Two big but related questions remained unresolved. The first was whether OPEC members would stick to their undertaking not to exceed \$23.50 maximum.

NEW CAR sales in the first half topped the 1m mark for the first time, with the industry expecting a record 1.7m total for the year.

WEST GERMAN trade surplus fell again in May to DM 2bn (£503m), against DM 3.3bn in April.

The principal split was still between the four EEC countries represented—the UK, France, Germany and Italy—and their three non-European partners, the U.S., Japan and Canada.

CHINA plans to run up a \$3.5bn (£1.63bn) trade deficit this year and more than triple its imports of technology and equipment, according to its national economic plan.

WEST GERMANY trade surplus fell again in May to DM 2bn (£503m), against DM 3.3bn in April.

The talks are expected to take several weeks to complete. Although yesterday's statement spoke of a merger between the two chains, there seemed little doubt last night that International would be the dominant partner.

REDLAND, which provides building materials and services, saw pre-tax profits rise 13 per cent to a record £15.2m for the year to March 31.

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However, it was suggested last night by City analysts and others in the grocery industry that International's real need is for much larger stores than Mac

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Concern

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Dollar under pressure

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Tokyo summit strives to heal energy differences

BY REGINALD DALE IN TOKYO

THE WORLD'S seven leading industrial nations had made only slow progress last night towards a joint response to the latest energy crisis.

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RISE PRICE CHANGES YESTERDAY

RISES	FALLS
London 100 Index 1101 + 1	Reardon Smith 125 + 25
FT 30 Index 469.3 + 2.4	Rendell 110 + 7
Gold Price \$304.98 + 0.18	Sound Diffusion 132 + 7
Oil Price \$22.50 + 1.50	Unilever 384 + 8
Share Prices 258 + 6	Shell Transport 388 + 8
FT 100 Index 258 + 6	Conzinc Riotinto 194 + 10
FT 30 Index 469.3 + 2.4	Cultus Pacific 19 + 3
FT 100 Index 258 + 6	MIM Higgs 190 + 11
FT 30 Index 469.3 + 2.4	Stirn Pacific Pets 325 + 30
FT 100 Index 258 + 6	Vlakfontein 80 + 6
FT 30 Index 469.3 + 2.4	
FT 100 Index 258 + 6	
FT 30 Index 469.3 + 2.4	
FT 100 Index 258 + 6	
FT 30 Index 469.3 + 2.4	
FT 100 Index 258 + 6	
FT 30 Index 469.3 + 2.4	

BAT may buy Mac Market

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BAT INDUSTRIES is negotiating to acquire the Mac Market supermarket chain from Unilever.

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WORLD REACTIONS TO THE NEW OPEC PRICES

Two-tier structure replaces chaos

BY RICHARD JOHNS

AFTER THREE months during which oil producers have escalated their prices in a continuing game of leapfrog, confusing themselves as well as consumers with totally irrational disparities, the Organisation of Petroleum Exporting Countries has decided on a two-tier price structure.

for all others, to \$18 per barrel from \$14.55, rather than the \$17 that it earlier considered to be the maximum desirable for the world's economic health.

about halfway between the lower and upper price reference. For instance, the differential, over and above the Arabian Light marker for Abu Dhabi's light, relatively sulphur-free Murban 38-degree API gravity crude at \$21.56 is \$3.56, and that for Qatar's similar Dukhan 40-degree API gravity at \$21.42 is \$3.42.

reference is unequivocally \$18 a barrel. Last night, however, there was some confusion among delegates themselves as to what was at the upper end. The official OPEC communique implied that it was \$20. It said: "In an endeavour to bring some stability to the market, the conference decided on the following: 1—Adjust the market crude price from the present levels to U.S.\$18 a barrel.

THE RISE IN OIL PRICES

Table with 5 columns: Type, 4th qtr. 1978 price, Existing price, New price, % rise this year. Rows include Algeria: Saharan Blend, Equador: Oriente, Gabon: Mandji, Iraq: Basrah heavy, etc.

U.S. oil industry faces profit dilemma

By David Lascelles in New York

THE U.S. oil industry reacted with some embarrassment to the OPEC price rise yesterday because it will increase their profits at a time when Congress is debating President Jimmy Carter's proposal for a windfall profits tax.

Developing countries bear brunt of price increase

BY JOHN EVANS

THE INTERNATIONAL commercial banking system faces the task of being the most important single intermediary in the transfer of OPEC surplus oil revenues back to the oil-consuming nations for the second time in five years.

combined current account balance of payments deficit this year of \$47bn, according to estimates yesterday by the Amex Bank economic unit in London.

The ultimate home for surpluses is raising concern among the banks, particularly the American institutions. The harsh reaction in the Arab world to the Egypt-Israel peace agreement may prove to have reverberations in the monetary field. The recent weakness in the dollar has been linked in part to alleged OPEC sales of dollars.

Companies in UK face a double price blow

BY OUR FOREIGN STAFF

SHELL OIL UK, Esso and British Petroleum indicated yesterday that apart from Wednesday's OPEC announcement, they were also being hit by earlier rises in oil prices.

It is believed that Esso petrol and other oil products may go up by between 10p and 12p a gallon, with the OPEC increase accounting for roughly 5p.

Iran's earnings to go up by £742m a year

BY ANDREW WHITLEY IN TEHRAN

IRAN stands to gain at least \$1.63bn (£742m) a year in extra oil income because of yesterday's decisions at the OPEC conference in Geneva.

agreed spread of \$20-\$23.50 covering all OPEC members except Saudi Arabia.

EUROPEAN NEWS

Fuel crisis strains Soviet links with East Europe

BY LESLIE COLITT IN BERLIN

YESTERDAY'S DISMISSAL of Herr Klaus Siebold, East Germany's Energy Minister reflects the severe strains over fuel supplies which have developed between the Soviet Union and its six East European Comecon partners.

West, while expanding industrial output, is also expanding economic efforts in East Berlin say Herr Siebold's dismissal reflects the tensions within Comecon over Soviet oil and natural gas deliveries to Eastern Europe.

by buying extra Soviet oil for hard currency, at prices "as high as those on the Rotterdam spot market."

Even the normally compliant East Germans are speaking openly of the consequences of a Soviet freeze on oil deliveries because of shortfalls in present Soviet oil production.

W. German surplus falls

By Jonathan Carr in Bonn

WEST GERMANY'S trade surplus fell again in May and its current account was almost exactly in balance.

Pakistani 'nuclear expert' found

BY CHRIS SHERWELL IN ISLAMABAD

THE SCIENTIST who allegedly acquired for Pakistan the plans for a uranium enrichment plant is now directing work at an engineering laboratory in Islamabad, which is thought to be closely involved in the current controversial attempts to acquire a nuclear capability.

The disclosure regarding Dr. Abdul Qader Khan comes only a short time after the French Ambassador to Pakistan and the First Secretary at the French Embassy were attacked by a mob in Islamabad, 25 miles southwest of Islamabad.

Shrouded in trees, the area cannot be seen from the road or from a small hill nearby. But signs outside restrict entry, demand proof of identity and, intriguingly, forbid "smoking. Security is tight.

Foreign Journalists were called into the Pakistan Foreign Office yesterday for a briefing and told a malicious propaganda campaign, was being conducted against Pakistan.

'Serious breach' of Berlin accord

BY OUR BERLIN CORRESPONDENT

EAST GERMANY has abolished one of the last symbols of four-power authority in East Berlin by ending the special status of the city's deputies. The move, made with explicit Soviet approval, is regarded by the three Western allies as the most serious breach in date of the 1971 four-power agreement on Berlin.

has voted unanimously to end the appointment of its 66 East Berlin deputies to the East Berlin City Council. From now on, the East Berlin deputies to the Volkskammer are to be directly elected by East Berliners.

sentatives. Herr Dietrich Stobbe, West Berlin's mayor, has called for the East German move a "provocation against détente."

SHELL UK OFFER FOR SALE AT PETERHEAD, MONTROSE AND GLASGOW. Diesel Generators, Cable Pullers, Foam Tanks, Gantry Cranes.

Italians return Baffi's passport

BY RUPERT CORNWELL IN ROME

DR. PAOLO BAFFI, governor of the Bank of Italy, has been given back his passport, confiscated a week ago by magistrates investigating the affairs of the troubled Societa Italiana Resine (SIR) chemical group.

the magistrates leading inquiries into the allegedly irregular appropriations of public funds for SIR. Its return was only secured, according to Bank of Italy officials last night, by a direct request to the government authorities.



Sig. Paolo Baffi

Auditors criticise Paris Opera

BY TERRY DODSWORTH IN PARIS

EACH SEAT at the Paris Opera cost the French taxpayer FFrs 360 (£39) in 1977, while some of the workmen in the building have been known to claim for 221 hours of overtime work a month.

of immigrant housing, and the Paris Opera. Discussing the opera accounts, the report shows that expenditure has tripled in less than 10 years, mounting from FFr 50m in 1969 to FFr 150m (£16.3m) in 1978, with the State contribution rising from FFr 41m to FFr 117m.

handing out concessions to private organisations has helped France to catch up on the construction backlog. But it adds that some companies are earning excessive profits while taking little risk, and it recommends an overhaul of financing procedures.

Vertical text on the right edge of the page, possibly a page number or reference.

Europe's electricity pool keeps the power flowing

ELECTRICITY which is tested for breakfast in Paris this morning may at least have been from as far afield as Europe's electricity supply system is inter-connected and knots entwining all of 24 countries, so that it-second notice a utility cable can count on help its neighbours to keep the rain, weakly tied into this aid scheme at present a small (and unreliable) to France, has plans much stronger inter-connection by the early 1980s. It then begin to enjoy the advantages of being part huge electricity machine anty swapping electricity stable but duty-free. East Europe, the Comecon ries, huzily constructing own electrical power also see advantages in ghering their present ties with West Europe.

next decade. Some of the latest proposals, however, raise ticklish diplomatic as well as technical questions. The system at present provides for much more than emergencies. Energy conservation was the original motive. Producers with big hydroelectric plants in central Europe wanted to prevent "spillage" when their reservoirs were full, by selling electricity to neighbouring nations, instead of letting water run off unused. In 1958 the electricity networks of France, West Germany and Switzerland were linked experimentally, soon to be joined by Italy. From bilateral agreements the scheme developed rapidly to embrace 13 countries inter-connected by a homogenous 400-kilovolt electricity transmission system striding on its 24-metre towers across frontiers throughout western Europe.

Breakdown

scale of the European market" in electricity, the electricity producers' plans for the next years, were disclosed at the EDE congress in Warsaw this month. The 24 members of the Internal Union of Producers Distributors of Electrical Energy, representing all West European countries together with Hungary and Poland from Comecon bloc, discussed a summarising Europe's progress in managing national electricity industries mutual security of supply for profit.

Europe today has 130 cables in countries capable of carrying about 55,000 megawatts. This represents about 12 per cent of the total generating capacity of these countries, equivalent to the total generating capacity of the European producers, the Internal Electricity Generating which supplies England, Wales. But Europe has its agreed which will add the capacity of its connections by 40 per cent by the mid-1980s.

are under discussion and another 20 per cent capacity. That would bring capacity for transfers across the continent as a whole consistent to build enough power to the risk of a major known in electricity supply anywhere in Europe will daily recede during the

Today these countries are trading internationally more than 5 per cent of the electricity they generate. Spillage has been almost eliminated. A crisis can bring split-second support from a neighbouring country. If the breakdown seems likely to persist—say, the unplanned loss of the output of a big generator—a phone call between utilities will guarantee further support. When Electricite de France suffered a major collapse of its system recently, utilities in Spain and West Germany helped it to begin delivering power again. In addition, longer term deals are struck when utilities foresee a surplus or deficit of generating capacity.

Superimposed upon all this emergency activity there is a spot market for selling surplus electricity at the margin. It takes advantage of small differences in the times of peak demand between neighbouring nations, and differences in the type of generating plant. The benefits of being part of this mighty electricity machine differ from nation to nation. But Mr Maurice Dwek of the CEEB distinguished five benefits in his report in Warsaw. They are:

1. Savings in investment in generating plant or other means for securing the electricity supply. (One country reported that it worked on the assumption that 10 per cent of its peak demand could be bought from



The Soviet Union announced on Wednesday it is planning to link its power grid with the West German one, with a line running through Poland, West Berlin and East Germany. The announcement has focused attention on Europe's electricity supply system, which now has 130 international cables connecting 24 countries. Britain is tied only weakly to this "mutual aid" system, but it also has plans to develop stronger links by the 1980s.

2. All-year-round economic benefits from electricity trading—the result of differences in marginal operating costs.
3. Back-up in case of a breakdown of a bigger individual unit than utilities might otherwise be willing to build.
4. Support for a country which finds its new plant slipping behind schedule.
5. Reduction of operating margins and requirements for "spinning reserves" (that is, generators kept ticking over,

ready at a moment's notice to put out power). Britain, on the western periphery of this power pact, has been plugged in since 1961 through a 160 MW submarine cable on the bed of the English Channel. It proved valuable to Britain in the severe winter of 1962-63, when the grid was badly affected by icing. But since then it has been very vulnerable to damage by trawlers and ships' anchors, and has also been rapidly overtaken by the growth in demand.

Later this year, subject to the results of public inquiries on each side of the Channel into the siting of the terminal stations, the governments of Britain and France are likely to give final financial approval to a scheme for a new 2,000 MW interconnection. When completed, in 1983, it will join a British grid of about 80,000 MW of generating capacity, just over 50 per cent of which will be coal-fired, with a French grid of about 75,000 MW of capacity,

over 50 per cent of which will be nuclear power. By then Britain, although it will have only 10 per cent of its capacity in nuclear plant, expects to be getting 20 per cent or more of its electricity from this source. It will trade overnight some of its modern coal-fired electrical capacity with France—coal-by-wire, as the practice is called. France in turn will trade some of its modern oil-fired electrical capacity by day. Each will keep in its own nuclear electricity, which has the lowest generating costs.

The economic case for the project—expected to cost upwards of £250m (March 1978 prices)—goes well beyond the provision of emergency services. The link is expected to be constantly in use, taking advantage of differences in the times of the two peaks in power demand each day. It will also save oil for both countries.

Norway and Denmark claim they have demonstrated the economic case for such a connection, with their 500 MW submarine cable in service since 1976. It exchanges Norway's hydroelectric surplus for off-peak coal-and-oil-fired electricity from Denmark, which Norway can use to recharge its pumped storage plants overnight.

According to Mr. E. L. Jacobson, managing director of the Danish utility, Elsam, the connection has already repaid its capital investment. It has strengthened Denmark's role as a "cross-roads" for electricity transfers between Scandinavia and central Europe, which in turn has given Denmark a more robust grid of its own.

These technical developments have begun to arouse interest in other countries. Belgium has proposed a North Sea cable, to help secure its electricity supply against the growing problems of finding sites in a small, crowded country. For Britain, the advantage would be that through Belgium it would be interconnected with the big electricity grid of West Germany. This would also establish a loop back through France, tying Britain very tightly into the power pool of central Europe.

The Irish have also proposed such a connection across the Irish Sea. Thwarted repeatedly by IRA bombs from any hope of taking advantage of the large surplus of generating capacity shortly to become available in Northern Ireland, they have turned to the CEEB for help. According to Mr. Sean Timney, the Electricity Supply Board's director of generation and transmission, it is so important for his utility to have extra power to match a high rate of growth in the economy, and back-up for the 600 MW nuclear plant it proposes to build at Carnsore Point, that it is willing to pay the whole cost of a submarine cable from Wales. He wants a start to be made in the mid-1980s, taking full advantage of the experience gained with the Anglo-French link. And he points out that since Irish industry has no experience in this field, the business would anyway go straight to Britain.

Terrorists

For the CEEB itself, there is no obvious advantage from a link with a small utility whose power—25 per cent of it from small peat-fired plant—is expensive and in short supply. Moreover there will always be a risk that terrorists will turn their attention to the connection. The proposal, in turn, has prompted Northern Ireland to ask for a submarine cable to Scotland to export some of its oil-fired power (and perhaps import some nuclear power).

This would raise the possibility of its surplus power finding its way to Dublin via Scotland, England and Wales. Both of these schemes await decisions from the British Government. In eastern Europe there is another power pool which wants to strengthen its electrical ties with western Europe.

The Comecon countries are planning to expand their own electrical network in unison, with a common pool for the manufacture of nuclear plant as well as mutual aid in electricity supply. Five already have inter-connections with the West: the Soviet Union with Finland; Czechoslovakia with Austria (which also plans to purchase "coal-by-wire" from Poland, to be transmitted via Czechoslovakia); Bulgaria and Romania with Yugoslavia; and Hungary with both Austria and Yugoslavia.

Mr. Imre Benko, head of Hungary's office for power station and network design, argues that there should be more study of the advantages of east-west interconnection. His country, he says, is ready to disclose details of its new 750-kilovolt ultra-high voltage transmission connection with the Soviet Union, commissioned only in February.

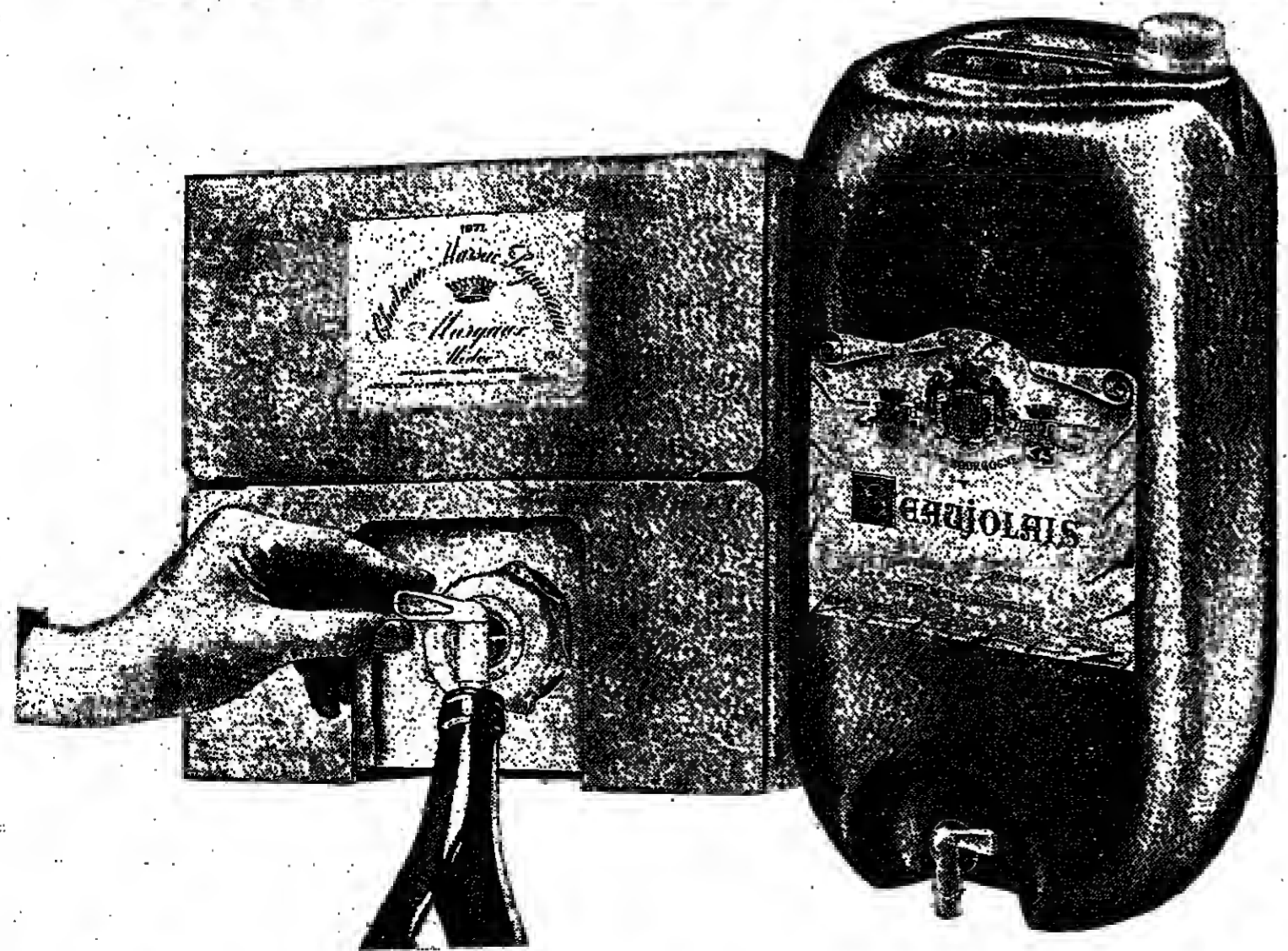
For transmission engineers, ultra-high voltage systems with their spectacular 20 ft flashovers are an exciting prospect as they contemplate the cheapest way of moving electricity over distances of upwards of 1,000 miles. But the capital cost and the complications of controlling an interconnected grid working at three voltage levels—220, 440 and 750 kV—has cooled the enthusiasm of most European countries.

Britain, France and West Germany have all concluded that their own systems could expand about four-fold in installed capacity before they need to think of ultra-high voltage, so that any decision can safely be put off for another ten years.

The UNIPED Congress in Warsaw also made plain that the West was well satisfied with its present, highly informal and decentralised system of controlling the grid. The Comecon countries have a more centralised system managed from Prague.

For the present, therefore, the opportunities for close electrical ties between East and West do not seem too hopeful. For at least two "frontier" nations this raises delicate diplomatic problems. Both Greece and Yugoslavia need the advantage of close ties with a large power pool. They must soon decide whether to make these ties to the 750 kV Comecon network or the 440 kV grid of Western Europe.

Skelmersdale firm helps the French to hold their drink



What in le monde is a Vinopak?
It's franglais for 'wine container' and it's been very good for the health of Polythene Drums (Lancashire) Limited.
With their strong and growing export trade to the French wine producers, they're proving that high quality containers made in Skelmersdale are very much to the French taste. In fact, PDL management are thriving on the many business advantages of Skelmersdale, the New Town league leader.

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Grow with Skelmersdale

New U.S. envoy puts pressure on Gen. Somoza

DAVID BUCHAN IN WASHINGTON

U.S. has made contact with sides in the Nicaraguan war in an attempt to sell peace plan that includes replacement of President Somoza with an interim council in Managua. It would then appoint a three-member provisional government comprising leaders of the Somoza rebellion.

The Department officials would not comment on progress of the delicate, two-pronged U.S. effort, except to say results were not discouraging. Most unusual diplomatic move, the new U.S. ambassador to Nicaragua will be General Somoza's son-in-law, General Somoza, who is not to present himself as a dictator but to persuade the dictator to step down in favour of last week's Organisation of American States.

At the same time, another Department official, Mr. Somoza, who played a role in the U.S. and mediation attempts held in Panama with leaders

Grounded aircraft cost could reach \$250m

BY JOHN WYLES IN NEW YORK

WITHIN THE next few days the Federal Aviation Administration is expected to indicate how much longer eight U.S. airlines will have to cope with the difficulties, and the enormous costs caused by the grounding of the DC-10 aircraft.

The FAA will not discuss its intentions, but a decision is expected next week on the timing and conditions according to which the DC-10 can be recertified. Although the possibility cannot be ruled out that the FAA may insist on structural modifications, which could ground the aircraft for a good deal longer, speculation here suggests that new maintenance and inspection procedures will be the basis upon which the aircraft will be freed for renewed operations.

Recertification should, of course, enable Laker Airways to restore its Skytrain services between Britain and the U.S. promptly, but the full return of the U.S.-owned fleet of DC-10s will be delayed by the need to recertify up to 2,000 pilots, who must spend time on flight simulators and perform three take-offs and landings in the aircraft before they can fly it again.

Most of the attention so far has focused on the problems created for McDonnell Douglas by the first ever decertification of a U.S. aircraft by the FAA, but since June 6 the country's airline system has been groundng under the strain created by the loss of 133 DC-10s. They provided 12 per cent of available seat capacity and 6 per cent of the domestic fleet.

own procedures. It is now fairly clear that the 273 lives were lost in the Chicago crash because of the failure of an aft bulkhead by which the pylon engine mount was attached to the wing. It appears that the bulkhead had been cracked some two months earlier during maintenance, when the pylon and the engine were removed from the wing.

McDonnell Douglas recommended the separate removal and reinstallation of the pylon and engine during maintenance but at least three airlines, American, Continental and United, carried out this procedure in one step.

According to Fortune Magazine, Continental reported that it had damaged a bulkhead during maintenance and McDonnell passed on knowledge of this problem to other DC-10 operators in January. According to Fortune, the FAA should have received a copy of Continental's report to McDonnell but the agency denies any record of this.

It also denies that it was aware that the three airlines were departing from McDonnell's recommended maintenance procedures for the removal of engine and pylon. But certainly this procedure now seems likely to be held responsible for the crack in the



Grounding gives TWA a sharp profits boost, Page 33

bulkhead of the American Airlines jet, which worsened during the two months before the crash so that it finally gave way on takeoff on May 25.

This apparently caused the pylon to flip backwards over the wing, severely damaging hydraulic and other systems. This caused the leading edge flaps, which give lift on takeoff, to retract on the left side. Since the flaps were still deployed on the right side, the left and the engine power to the aircraft were unbalanced, causing it to roll sharply to the left and to fall to the ground.

Although it is thought possible that the FAA will order McDonnell Douglas to redesign the pylon structure to assure sufficient back-up support in case a bulkhead fails, most people expect the institu-

tion of more rigorous inspection procedures and a ban on any return to removing the pylon and engine in one piece.

In the last few days it appears that an FAA decision has been delayed by the difficulties of explaining serious cracks and other damage to a pylon on a United Airlines DC-10 which were discovered during the general inspection ordered in the wake of the Chicago crash.

These defects were in a part of the pylon which had shown no flaws in the American Airlines accident and have been tentatively attributed to an engine failure during flight.

McDonnell Douglas insists that there is no good reason to prolong the grounding of the DC-10 for one day longer and provides on request a lengthy list of the tests and investigations which have been carried out since May 25. These range from four FAA working parties probing various aspects of the aircraft's design and structure to a re-creation of the crash in wind tunnel tests at the National Aeronautical and Space Administration's test centre in Langley, Virginia.

well, subjected to considerably more stress than is encountered in normal flights.

As soon as they are free to fly the aircraft again, the six trunk airlines and two charter operators which own them are likely to spend considerable amounts of money in trying to overcome any public aversion to the DC-10.

This has not been apparent in Europe since the aircraft returned to service but some analysts believe it could take six months for the U.S. travelling public fully to accept the DC-10 again.

But the task of overcoming public anxiety will probably be easier for most carriers than the difficulties of operating without the DC-10. Some, such as Continental and National Airlines, have withdrawn from some routes altogether, but must have totally recast their schedules so as to use other aircraft more intensively and to accommodate as many passengers as possible.

Flight tests

In addition, an undelivered DC-10 has been put through extensive flight tests by an FAA pilot and, according to McDon-

Imports of steel rise by 54%

By Stewart Fleming in New York

IMPORTS OF foreign steel in the U.S. soared 54 per cent in May to the highest since November last, the American Iron and Steel Institute reported today.

The biggest increases came from Japan and the European Common Market countries. The revived import situation, although evident in this month's figures, causing concern that imports may grow just as U.S. steel is about to slow.

Steel imports in May totalled 1.65m tons compared with 1.1m tons in April and 1.5m tons in May last year. The first five months of the year, imports are still 1.5m tons below last year's 1.64m tons compared with 1.94m tons.

Oil supplies show a slight gain

By David Lascelles in New York

A SLIGHT improvement in U.S. petrol supplies is revealed by the latest figures for refinery runs and stocks published yesterday by the American Petroleum Institute, the oil industry's trade association. But the improvement will have to be sustained if queues at petrol stations are to be reduced.

According to the API, refineries were operating at 86.8 per cent capacity last week, up from the 84.6 per cent level of the previous week which drew sharp criticism from Dr. James Schlesinger, the Energy Secretary. However, this was still slightly below last year's level of 87.5 per cent.

As a result, production of petrol rose slightly, from 6.9m barrels a day to 7.1m, just below last year's 7.2m b/d. Production of distillates (heating oil and diesel) also went up (from 3m b/d to 3.1m, the same level as last year).

However, much of the increased output went into stocks rather than to the motorists' petrol tanks. Stocks rose to 227.2m barrels by June 22, up from 223.9m on June 15. The minimum acceptable level to maintain uninterrupted supplies for the whole country is estimated to be around 230m barrels.

Democrats pick NY

By Stewart Fleming in New York

DEMOCRATIC Party will hold residential nomination convention next year in New York, the second time in a row the city has been selected, Jurek Martin reports from Washington.

The party's site selection committee voted overwhelmingly in favour of New York over Detroit (where the Republicans are to hold their convention) and Philadelphia, mainly because of its superior hotel facilities.

Byrd leaves for Moscow

By Our Washington Correspondent

SENATOR ROBERT BYRD, the Democratic leader, left yesterday for the Soviet Union to join to Russian leaders the Senate's constitutional role in ratifying the Salt II arms treaty. He is expected to meet with Brezhnev, recuperate in the Crimea.

Meanwhile, the U.S. has questioned the Soviets over an alleged nuclear explosion in the Soviet Union last Saturday, which it is felt here may have exceeded 150 kilotons. This limit, contained in the 1974 threshold test ban treaty, is not legally binding because the treaty never came into force.

But recent tests by both superpowers have been kept well below it, and the U.S. view is that if the Saturday test was indeed above 150 kilotons, this was an ill-timed move as the Salt debate is getting under way.

Mexican offshore oil comes on stream

By William Chislett in Mexico City

MEXICO'S offshore oil production has come on stream with the operation of the first well in the Cantarell area in the Gulf of Campeche, in the Southern part of the Gulf of Mexico, said to be one of the world's largest offshore fields for oil and natural gas.



Initial production is 19,850 barrels a day, which brings Mexico's total daily output to almost 1.6m barrels. Pemex, the State-owned oil corporation, said that by the end of the month other wells could be in production with a combined total of around 30,000 b/d.

Now that offshore production has started, it thrusts Mexico even more to the forefront as one of the world's potential major oil-producing countries. Mexico is not a member of OPEC. Pemex estimates that the Cantarell wells are capable of eventually producing the same amount of oil as Mexico's state of Chiapas and Tabasco.

The Cantarell wells could be producing between 400,000 and 500,000 b/d by the end of 1981, when Mexico's daily output is forecast at around 2.25m barrels. Four of the 16 offshore platforms are in place, from where 167 wells in Cantarell and two other areas will be developed.

onshore, which produces 60 per cent of Mexico's production. The oil is of a light grade.

The whole Campeche field is 5,000 square miles, and is believed to be an extension of the onshore field. So far, 11 perforation teams have discovered eight production areas in Campeche, three of them in the Cantarell area. The immense reserves of Campeche have not been stated but, according to Pemex, they could be three times the size of the Reforma field.

Another area in Campeche, known as Istoc One, which suffered a blow-out on June 3, since when 30,000 b/d have been belching into the Gulf, is said alone to have reserves of 500m barrels.

BARCLAYS BANK HELPS NINA RICCI BRING THE FRENCH STYLE TO JAPAN

Barclays Bank International has a long tradition of special and personal service to entrepreneurial family businesses such as Parfums Nina Ricci of Paris.

We help them expand their business internationally, whilst understanding and respecting their individuality.

Within the twenty years that Nina Ricci have banked with Barclays in Paris, they have become a world leader in perfumes.

Throughout, they have maintained their character as a family business. They have also retained their freedom of action... and their Frenchness... and their style.

Today, Nina Ricci have successfully introduced their world-famous fragrances into fashion conscious Japan, and into the United States and Australia.

We can help your company in all these countries because we have our own people and our own

branches worldwide where they are needed for international business.

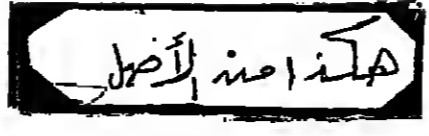
We can help in Paris, Tokyo, New York and Sydney. In Buenos Aires and Frankfurt. And in Toronto, São Paulo and Dubai...

The Barclays International group is in more than 75 countries. In all five continents.

We help most of the world's successful international companies. Somewhere there is a market where we can help you.



BARCLAYS International



Singer cuts 600 jobs

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SINGER is to make a further 600 workers redundant at its Eady Clydebank manufacturing plant, partly because of a sharp drop in demand for domestic sewing machines.

The company told unions last week that it wanted to cut the workforce from 4,800 last year to about 4,200 by next year.

But this was modified after shop stewards agreed to a four-day strike for many of the employees will be left.

Redundancies will take effect at the end of September and will affect manual and collar workers. Short-term working will begin in October.

If the job loss was not agreed as part of the restructuring of the plant, the rest would be attributable to falling sales.

John McFadyen, union secretary, said the factory was producing 8,500 sewing machines a week, but management forecast that demand will fall to around 5,000 a week between September and January, before rising to 7,000 in 1980.

His is something that is being internationalised. It is affecting domestic market for domestic sewing machines in the U.S. has collapsed and even the super-rich West Germans are going to take a six-week winter holiday.

McFadyen said management complaints over the failure to achieve agreed activity levels were the cause of teething problems new machine tools, which have been resolved in time.

Americans preparing to invest in Scotland

BY RAY PERMAN, SCOTTISH CORRESPONDENT

AMERICAN COMPANIES are showing much interest in Scotland as a possible European manufacturing base following a promotion drive by the Scottish Development Agency.

The agency followed up its five-city tour of the U.S. last April with calls on companies and banks. More than 70 expressed interest and 25 committed themselves to visit Scotland to look at sites and talk to central and local government.

By the end of July about half of these companies will have been to Scotland. The agency hopes to have all the visits completed by autumn, when it plans another U.S. trip.

Sir William Gray, chairman of the agency, who returned from America this week, said that it was selling a distinctly Scottish identity and doing it forcefully. An office has been opened in New York and another is planned in California.

He believed that a big advance over other British efforts at industrial promotion was the bringing together of government and local authorities so that potential investors had to deal with only one body, rather than a confusing range of different organisations.

The agency is looking for manufacturing investment of all types, but is particularly interested in electronics. It has accepted a recommendation from consultants Booz Allen and Hamilton that it should aim to attract a minimum of seven U.S. electronics companies, providing 1,200 new jobs by 1981.

In particular, its targets should be companies involved in data processing, world processing, and instrument controls, since these are fast-growing fields, and few have manufacturing plants within the EEC. Some of these companies are among those which will visit Scotland.

One of the agency's best cards in the experience of U.S. electronics companies already established in Scotland, such as IBM, Honeywell, Burroughs, Digital Equipment, Hewlett Packard, and Motorola Semiconductors. All are expanding rapidly and report productivity levels comparable with those in American plants.

Call for revision of Ulster job policy

BY OUR BELFAST CORRESPONDENT

THE NORTHERN Ireland Economic Council yesterday suggested the Government should shift the emphasis in its job creation strategy in Ulster in favour of helping existing companies and small businesses to expand.

While it did not seek a dramatic switch in policy the council questioned the cost of jobs created by new overseas investment projects which have been vigorously pursued in the past two years.

It also said these might prove to be "more risky" than the development of existing firms.

Some recent inward investment has been extremely expensive, the council said in its report to the Government. It mentioned no names but its members clearly had in mind the De Lorean sports car venture being established in Belfast with £38m of Government aid.

The council noted that the capital cost of creating a job in small businesses was £2,200, very much lower than the £21,000 it cost the Department of Commerce in Northern Ireland to promote a job through the attraction of a new company.

The members of the council, who are drawn from both sides of industry under the chairmanship of Professor Sir Charles Carter, also criticised the present package of investment incentives as so complex that they proved to be a disincentive to potential investors. They said that the package should be simplified.

Wales CBI appeals for regional council

BY ROBIN REEVES, WELSH CORRESPONDENT

THE WALES CBI has called for the setting up of a semi-autonomous council for Wales to fill the vacuum left by the referendum rejection of a Welsh assembly last March.

The proposed council would have 30 members representing different economic and social interest groups to advise and inform Government Ministers, MPs, and civil servants on economic, educational, industrial, social and cultural issues arising in Wales.

It would have an independent secretariat with its own budget, a full-time chairman, paid a salary of £20,000-£30,000 a year, and the membership would be selected by the Secretary for Wales from lists prepared by the representative organisations.

The new council would in practice replace an existing Welsh council nominated by the Welsh Secretary.

The Wales CBI's proposal also counters a Wales TUC call for the establishment of a Welsh Noddy. The CBI view is that the Welsh industry is inextricably linked with the rest of the UK. "We cannot, therefore, see a meaningful role for Welsh-based, lower tier sector working parties," it says.

Electricity price warning for Scots

BY OUR SCOTTISH CORRESPONDENT

THE NORTH of Scotland Hydro-Electric Board warned yesterday that a further price increase was inevitable this year, following a 9.6 per cent rise in April.

The Board blamed rising coal and oil prices. Only a third of the electricity it generates comes from hydro schemes, with most of the rest produced in conventional power stations.

The Board made an operating surplus of £48m last year, but after interest charges, this was reduced to £2.1m, says its annual report. The previous year's figure was £1.8m. The Board has reserves of £15.5m, equivalent to five weeks' income.

The new power station under construction at Peterhead should come into operation next year, the report adds. Although designed to burn oil, it will initially use natural gas liquids from Shell-Esso's Brent field.

NEWS ANALYSIS — FILM FINANCE

Star attraction

BY ARTHUR SANDLES

AT FIRST glance it would seem that events have overtaken Sir Harold Wilson and his Interim Actio Committee on the Film Industry.

His report was commissioned by a Labour Government and is presented to a Conservative one; it recommends tax incentives to a Chancellor who has embarked on an ambitious reappraisal of personal taxation; and it comes while the film studios are busier than for a long time, much busier than when the committee was set up as an emergency think-tank.

However, the report is likely to prove useful to the Department of Trade, under whose ambit (much to the regret of Sir Harold, who would like to see it with Mr. St. John-Stevens's Arts activities) films fall.

There are two film industries. One is a production house for foreign-financed pictures (Star Wars 2 and Superman 2 are being made here) and the other, much smaller, is the indigenous industry, making British films, with British money, for British audiences.

The Wilson Committee has made some effort at producing a system of incentives to encourage the latter without causing the former to look elsewhere.

The committee view seems largely that if the international film world is coming to Britain now, it will continue to do so in the future.

"The ways to make Britain more attractive permanently as a production service centre for Americans and for everyone else are to ensure that its production facilities and skills are, and remain, as up-to-date and as good as anywhere in the world—and that its labour practices are better than anywhere else in the world."

Stimulating a lively domestic film business is more tricky. The Eady Fund was aimed as a help in that field. Set up in 1950, it takes some of the box-office receipts from all films shown in Britain and returns the money to the makers of British films.

That return is in proportion to the box-office takings of that film. It is, therefore, a reward for success.

It may be a simple and effective system, but it is a bit too simple for the Wilson committee.

Although Sir Harold was careful not to name films when talking of those which his committee felt would have done just as well without Eady support, not everyone on his committee was so discreet. The Brent Walker production, The Stud, and two other racy items, Confessions of a Window Cleaner and Confessions of a Driving Instructor, were thought not to be the sort of film that justifies State support, even via the Eady scheme.

What the committee wants the money used for is to stimulate the production of indigenous films of quality.

However, the aspect of the Wilson report that is likely to seize the largest headlines today is its views on taxation.

In recommending tax changes to benefit the world of show business, Sir Harold and his companions are simply recognising that film talent, like film money, is extremely mobile and will simply settle wherever it finds the environment most beneficial.

Judge says tanker must stay

BY LYNTON MCILAIN

A HIGH COURT judge ruled yesterday that the crippled oil tanker Tarpenbek — now anchored upside down a mile off the Isle of Wight — had to stay there so oil could be off-loaded.

Mr. Justice Walton refused an application from borough councils, the island county council and local hotel owners for a court order to have the tanker towed a safe distance from holiday beaches. But he said he would order a halt to further work if protective booms were not placed around the tanker.

The move followed intense pressure from the Government to allow the German tanker to remain near the beach at Sandown Bay for pumping to start.

Mr. David Steel, for the Trade Department, said the only real alternative — towing the ship to sea for scuttling — was unacceptable. The Trade Department had previously been unable to say which other locations had been considered.

But earlier, Mr. John Horsnell, chief executive of the Isle of Wight County Council, said the Government had apparently tried to withdraw itself from responsibility for the original decision to tow the vessel to the island.

Mr. Horsnell said he had lost confidence in the Government action after Ministers failed to guarantee compensation for possible pollution.

However, the judge said the best chance of recovering the 1,600 tons of lubricating oil, from the Tarpenbek's eight holds was to carry out salvage at Sandown.

The pumping operation is expected to take up to 15 days, making the total operation over three weeks from the time the vessel was holed last Thursday after a collision with the Royal Navy fleet tanker, St. Geraint.

Architects pick president

COLIN AMERY

BRYAN JEFFERSON has been elected the new president of the Royal Institute of British Architects, succeeding Mr. Gorraham.

Jefferson said yesterday he felt the era of massive development was over, and architects must now be more concerned with the quality of environment.

During his term, Mr. Jefferson asks the profession to revise the Monopolies Commission report on architects' fees with a view to making more flexible and appropriate to the economic climate.

The institute will also consider the question of architects forming their own building companies.

The new president said he thought the question of advertising by architects should be looked at again.

Mr. Jefferson's practice, Jefferson, Sheard and Partners, has offices in London and Sheffield. He has designed developments in central Sheffield and Ruddersfield. A building he designed for the Central Electricity Generating Board was commended in the Financial Times Industrial Architecture Awards in 1967.

Brrrrrr

When the heating goes off next winter, guess what people will want more of?

Baaaaa

Do something now. Later's too late.

Wool clothing has a special, natural warmth. A unique thermal quality that makes it warm to wear when it's cold. Comfortable when it's mild.

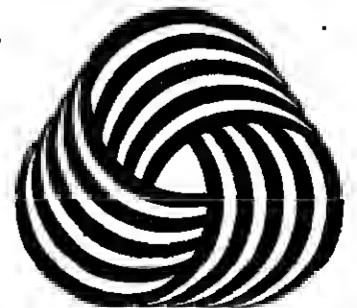
With the threat of energy shortages next winter, there's the likelihood of colder homes, shops, offices and schools.

No car sometimes. Long waits for buses and trains. And a bigger demand for warm clothing.

For everyone concerned in clothing manufacture, or in the selection of workwear, now is the time to check the scale of your wool commitment.

For retailers, the consumer's preference for wool and the inevitability of a colder winter calls for an urgent reappraisal of stock levels and merchandising plans.

Do it now.
Don't leave it till later.
Later is too late.



Pure new wool

Manpower shortage persists in forces

By Lynton McLain
RECRUITMENT in Britain's armed forces has improved markedly since the pay rise of almost 25 per cent in April. But manpower shortages are still so severe that some front line equipment has been placed on the reserve list.

These may be activated in emergency but will have to be crewed by men employed on other peacetime duties.

Exhaust companies in merger

By Lisa Wood
TWO COMPANIES in the replacement exhaust and silencer systems market in the UK and the U.S. have joined forces for an assault on Europe.

Health warning over Brazil corned beef

BY CHRISTOPHER PARKES
THE HEALTH DEPARTMENT has given a warning not to use corned beef to cans embossed with the code BRASIL SIF2 following 25 cases of staphylococcal food poisoning in six incidents in Bristol and the North.

Heseltine tells councils: Cut staff

By Paul Taylor
LOCAL AUTHORITIES must reverse the increase in the number of local government employees, Mr. Michael Heseltine, Environment Secretary, said yesterday.

Why International wants another multiple

INTERNATIONAL STORES' move to acquire Unilever's Mac Market supermarket chain is a further example of how fierce the High Street price war has been in the past two years.

The supermarket squeeze

International has too many small stores about half the size on average of a Mac Market store in areas where the two groups' stores overlap, mainly the South and Midlands.

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Highwalks' open

A DECISION to open the "highwalks" on the Tower Bridge, London, to visitors was approved yesterday by a meeting of the City of London Common Council at Guildhall.

Doctors hit at smoking and drinking

BY JOHN LLOYD
BRITAIN'S energy consumption for the period from February to April this year went up by 7.4 per cent, though oil deliveries fell by 4.4 per cent in April as power stations switched from oil to coal.

Christie's sale worth £393,039

By Antony Thomcroft
THERE WAS a good sale of English furniture at Christie's yesterday which totalled £393,039.

Optimism over investment

BY DAVID FREUD
CAPITAL investment at the start of this year was most buoyant in the manufacture of vehicles, textiles and coal and petroleum products.

Plessey still seeking partner for microelectronics venture

BY MAX WILKINSON
SIR JOHN CLARK, chairman and chief executive of Plessey, said yesterday that the company was still seeking a partner for co-operation in the manufacture of microelectronic components.

Britain's consumption of energy rises 7%

BY JOHN LLOYD
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BRITAIN'S DOCTORS yesterday urged the Government to take further steps to discourage smoking and drinking—

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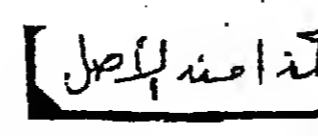
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Table with columns: CAPITAL SPENDING AND STOCKS EM (1975 prices, seasonally adjusted), Fixed Capital Expenditure, Stocks. Rows: 1977, 1st, 2nd, 3rd, 4th, 1978, 1st, 2nd, 3rd, 4th, 1979, 1st.



MPs demand oil prices statement

BY PHILIP RAWSTORNE

THE GOVERNMENT came under strong pressure in the Commons yesterday to make a statement next week on the impact of the increase in oil prices.

Mr. James Lagan, led the call for a statement on the Government's reaction to the OPEC oil price rise.

Mr. William Whitelaw, Minister for the OPEC oil price rise, said that the price increase was "a very serious matter" for the Western nations.

He said Mr. Benn's views would be conveyed to Mrs. Thatcher at the Tory summit where the problems were being discussed.

Mr. David Steel, Liberal leader, protested that Mrs. Thatcher's call for the swift expansion of the nuclear power industry was causing concern.

Every Government department should give priority to practical policies for conserving energy, he said.

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disturbances in oil prices, he said.

And he demanded assurances that oil companies would not be allowed to exploit the increase in price at the expense of consumers.

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Mr. Whitelaw retorted that

proposals for nuclear expansion were "commonsense and prudent"—but he agreed that conservation plans were also needed.

From the Government backbench, Mr. Ray Whitney (C. Weymouth) called on Ministers to bring home to the OPEC leaders "the disastrous effects of the remorseless price increases."

They affected the world economy, developing nations and were against the long-term interests of the OPEC countries themselves, he said.

Mr. Whitelaw sympathised with the mounting concern among Tory MPs about the price impact.

But he rejected a suggestion from Mr. Joan Evans (Lab., Aberdeen) that the Government should remove its own increase in the duty on petrol.

Labour MPs cheered, how-

Post Office may lose monopoly

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE MONOPOLY of the Post Office is one of the few being considered by the Government.

Mr. Norman St. Evans, Leader of the Opposition, told the Commons yesterday that the Government was considering the possibility of ending the Post Office's monopoly on mail services.

He said that the Post Office's monopoly was "one of the few being considered by the Government."

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result of industrial action by five workers who control their distribution.

Concern was also expressed by Mr. James Callaghan, leader of the Opposition, who asked for a nearly Commons statement by Sir Keith about the current situation in the Post Office "so that commercial and private business is not interrupted."

The Leader of the House assured him that the Government was very concerned at recent developments. He would pass the suggestion on to Sir Keith.

At the moment, said the Leader of the House, there was several weeks' supply of stamps at the larger post offices but only one week's at the sub-post offices.

He said that Sir Keith did not have the power to interfere in the day to day running of the Post Office but he was giving the Post Office chairman,

Fears over Rhodesian solution

By Richard Evans, Lobby Editor

OPPOSITION LEADERS are becoming increasingly apprehensive that Mrs. Thatcher will miss a vital opportunity to solve the Rhodesian crisis at the Commonwealth Prime Ministers' conference in Lusaka in early August.

Pressure will be put on the Government to arrange a Commonwealth summit in Southern Africa before the end of July to discuss the Cabinet's thinking on Rhodesia, prior to the Lusaka meeting.

But at present, the belief is that Mrs. Thatcher will pursue her own path and urge full recognition for the administration of Bishop Muzorewa.

Labour leaders fear this could be highly divisive, and could split the Commonwealth Heads into two factions. They would prefer Mrs. Thatcher to seek the advice of the Commonwealth leaders, many of whom are very experienced on the Rhodesia issue.

The major opportunity presented by the Lusaka conference is seen as the prospect of getting all the protagonists and interested parties together—including the leaders of the Patriotic Front—in an attempt to seek a more widely acceptable solution.

The Opposition worry is that if no solution is found at Lusaka, Mrs. Thatcher will have little alternative but to lift sanctions against Rhodesia when they come up for renewal in November.

A considerable number of Tory MPs are known to favour withdrawal of sanctions and the only way the Government could maintain them would be to seek Opposition help.

Labour leaders are more than willing to help ensure sanctions are retained until a more acceptable solution is found to the Rhodesia crisis but they realise that Mrs. Thatcher would be unlikely to wish to split her own party so badly.

There is also a belief that if the British Government decided to lift sanctions, President Carter would be forced to accept the decision against his better judgment.

He has too many international and domestic problems to continue to hold out on Rhodesia since the British Government had accepted the result of the recent elections.

sterling strength queried

Richard Evans, Lobby Editor

THE STRENGTH of the pound sterling is being queried by some Tory backbenchers.

Mr. Geoffrey Howe, Secretary of State for the Treasury, said that the pound was "one of the best performing currencies in the world."

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Benn in Left-wing project to cut EEC power over Britain

BY ELINOR GOODMAN, LABOUR STAFF

MR. ANTHONY WEDGWOOD BENN, former Labour Energy Secretary, and one of the party's most determined opponents of the EEC, published a Bill yesterday that would completely undermine Britain's existing relationship with the European Community.

The Bill, co-sponsored by five other left-wingers on the party's executive, would return all legislative powers from the EEC to the UK Parliament and enable Westminster MPs to amend or repeal laws passed in Europe.

As such, it would conflict directly with the Treaty of Rome, although Mr. Benn insisted that his proposals did not constitute a threat to take Britain out of the Community.

None of the sponsors seriously expects the Bill to be debated, let alone get through the House, in the foreseeable future. Instead they seem to be using it as a way of putting pressure on the Labour Front Bench to adopt a more hostile attitude towards Community membership.

The idea is to use it as a focus

for discussion about Europe. Optimistically, given their position on the Left of the Labour Party, the sponsors hope that it will be supported by MPs from all parties.

As with most of his policy statements since voluntarily retiring to the Labour back benches, Mr. Benn presented his Bill in the context of agreed Labour Party policy.

However, although the party's annual conference may have endorsed the idea of amending the European Communities Act on the lines laid down in the Bill, it is not a policy that the Labour Government ever actively pursued with any enthusiasm.

Mr. Benn apparently feels, however, that the Tories have stolen all Labour's clothes as far as calling for constructive reform of the EEC is concerned, and that Labour must, therefore, show that it has something more to offer on Europe than the Conservatives.

In publishing the Bill, Mr. Benn is using the tactics he employed in 1972 when he first started promoting the idea of a referendum on EEC membership. He will try to get the support of constituency associations for his proposals in the hope that they will in turn put pressure on their MPs. Although it is probably too late to get this particular proposal debated at this year's conference, its sponsors will doubtless use the occasion to seek support for it.

As well as empowering the House of Commons to repeal all laws passed by the EEC that apply directly to the UK, the Bill would allow European court decisions to be overturned by the British courts if they conflicted with decisions of the House of Commons.

The fifth clause of the Bill specifies that nothing in the Act should be held to constitute a formal withdrawal of the UK from the European Community. Nevertheless, it must be doubtful whether other EEC members would allow Britain to behave in such a way without taking punitive action.

Forces' union appeal rejected

BY IVOR OWEN

A SUGGESTION by Mr. Eric Heffer, a Left-wing member of Labour's national executive committee, that the Government should allow the Forces to form a trade union was rejected by the Government in the Commons last night.

"I think it would bring many more problems than it would solve," Mr. Keith Speed, Under-Secretary for the Royal Navy, declared.

He acknowledged, however, that Mr. Heffer will have a further opportunity to pursue the idea when a Select Committee conducts the quinquennial review of the Army, Air

Shipping deal 'sinister'

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THE LEADER of Britain's shipyard workers yesterday said there was "something quite sinister" about the deal giving a Finnish yard the job of building a North Sea emergency support vessel.

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At its conference in Llandudno, the Confederation of Shipbuilding and Engineering Unions demanded that the Government should intervene and reverse the order.

Mr. John Chalmers, boiler-makers' general secretary, and chairman of the Confederation's

LPG inquiry considered

BY JOHN BARRETT

THE GOVERNMENT is considering making a reference to the Monopolies and Mergers Commission of the supply in the UK of Liquefied Petroleum Gas in containers of not more than 50kg capacity and not less than 150 gallons capacity.

Mrs. Sally Oppenheim, Minister for Consumer Affairs, said in a written answer last night that she hopes to make a statement soon.

In his past two tournaments in the French championships and at Queen's Club and seeded eighth here, easily thrust aside the challenge of Phil Dent, of Australia, 6-4, 7-6, 6-3 taking the second-set tie break by 7-3.

Debbie Jevans, 19, from Essex, who is ranked only 18th among British women, produced a fine performance to defeat Irish Riell Carter, world No. 1, 6-4, 6-3 and become the only other home competitor to join Virginia Wade in the third round. Miss Wade was in spirited form in the opening set, conceding only 5 points and winning it in 16 minutes against a girl who had beaten Miss Wade in Rome recently.

The hopes of Belinda Thompson, of Cheshire, of joining them were snuffed out after a bright start when she fell 5-7, 6-3, 6-0 in Cynthia Doerner of Australia.

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WIMBLEDON Veteran gives Connors a hard game

BY JOHN BARRETT

ALTHOUGH STILL playing in his way short of his devastating best, Jimmy Connors, Wimbledon champion, reached the third round of this year's championships by defeating Ritschen, the American, 6-7, 6-3, 7-6, 6-0 just under three hours on Ritschen.

Ritschen is 37 and was a quarter-finalist at Wimbledon in 1965. But until a combination of tiredness and misadventure in the inevitable second round of the fourth set, fully exploited the uncertainties of Connors' game.

The tall Ritschen has always been a tough opponent for Connors, two years ago at Wimbledon he also took the American number one to four sets. He now concentrates mainly on over-35 tournaments and was spirited enough yesterday to pass for a teenager in

the first set, Connors had to put out all the stops to repair the damage after Ritschen had twice broken his service.

Spectacular leaps and dives could not disguise the fact that Connors was making a lot of mistakes as well as having much the worse of the luck in the matter of net cords. When the opening was the steadier. He reached set point when Connors put a forehand into the net and then took the set after 50 minutes as Connors lobbed out.

In the second set Connors' passing shots began to zero in on target. He broke Ritschen to a forehand into the net and then took the set after 50 minutes as Connors lobbed out.

The third set saw Connors take a firm grip on a lead which he moved into a 1-1 lead with his fourth set and had a point for 5-1 before Ritschen mounted

astonishing seven.

The sixth seed, Guillermo Vilas, who "won" Wimbledon in the recently-released tennis film, Players, once more failed to repeat the feat in real life going out to Kim Wilkins, the highly promising 19-year-old American left-hander 5-7, 6-2, 6-1, 7-6 after having led 5-2 in the fourth set.

Gilles Moretton, the giant Frenchman, also produced a second-round sensation when he knocked out the 13th seed, Manuel Orantes, 7-6, 3-6, 7-6, 3-6, 6-1.

Moretton's descent was robs Mark Cox of Britain of the chance to cross swords with Orantes as a means of assessing form for the Davis Cup tie between Britain and Spain at Eastbourne in two weeks.

Amid the welter of falling seeds the dependable Victor Pecci moves on. Pecci, a finalist

in his past two tournaments in the French championships and at Queen's Club and seeded eighth here, easily thrust aside the challenge of Phil Dent, of Australia, 6-4, 7-6, 6-3 taking the second-set tie break by 7-3.

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NUR turns down fixed target of £65 basic

BY PHILIP BASSETT, LABOUR STAFF

BRITAIN'S LARGEST rail union yesterday refused to set a fixed target of a basic wage of £65 a week for railmen as an increase of more than 30 per cent—in order to give union negotiators flexibility to obtain higher rises for some grades.

Delegates at the annual conference of the National Union of Railwaymen at Paignton voted 47-30 to reject the £65 target with corresponding increases for higher grades.

Mr. Sid Weighell, general secretary, said that with rising inflation and rising oil prices it was imperative that negotiators should not be saddled with a predetermined minimum rate for the settlement date of April next year.

He said a railman's basic rate of £48.85 including supplements would have to rise by 32.3 per cent to reach a £65 minimum. A National Bus Company conductor, also represented by the NUR, would have to have rises of 37.4 per cent and a grade 3 maintenance worker 36.7 per

cent to reach the minimum.

A National Carriers depot worker and a Freightliners terminal attendant—some of whom are NUR members—would only need increases of 8.7 per cent to bring them to the £65 minimum.

Mr. Weighell told delegates: "With inflation already predicted to be over 20 per cent you are insisting that we take less than 9 per cent for our National Carriers people if you carry a £65 minimum. Where is the sense in that?"

If negotiators were pinned down a rate of pay which nobody now knew would be adequate in April next year a disservice would be done to all the union's 180,000 members.

Mr. Weighell repeated his intention, though, to keep pace with other powerful industrial groups. "If the miners and the power workers go through the roof then we are in the same league."

He also warned that the

union would be forced "at some stage" to put a limit on the amount of overtime worked by railmen or the 10,000 British Rail vacancies would not be filled.

If our people continue to be mesmerised by a thick pay packet generated by long overtime they will never come to face the reality of a low basic rate."

The independent Railway Staff National Tribunal yesterday recommended that British Rail and the three rail unions should set up a study on the implications of moving towards a shorter working week in the industry.

The tribunal, chaired by Lord McCarthy, lecturer in industrial relations at Nuffield College, Oxford, was replying in claims from the NUR and the white-collar Transport Salaried Staffs' Association for a 35-hour week and from the train drivers' union ASLEF for a 36-hour week based on an eight-hour day.

Pilkington talks fail after 'final offer'

BY NICK GARNETT, LABOUR STAFF

PAY TALKS for process workers at the Pilkington glass company have broken down following rejection of an overall 15 per cent offer which the company says is final.

The executive of the General and Municipal Workers' Union which represents the 3,000 process workers will be asked by negotiators next week to approve a ballot of the membership to decide how the dispute should be pursued.

The offer has been rejected by negotiators and by officials on the union's Pilkington industrial committee.

The union said yesterday that the company had also refused to make any significant move towards reducing hours. Negotiators have told the company that process workers will not operate a float process plant being constructed unless Pilkington agrees to cut hours.

The union says the company intends reducing the labour force at its St. Helens operations from 7,118 to 5,729. But the company said that with the float plant, also being built at St. Helens, the net loss of jobs would be 280.

Mr. David Warburton, the union's national officer, said Pilkington's response on pay "reflects badly on a company which has built its success on a great deal of loyalty from workers which they have now lost."

The company was also jeopardising the industry by refusing to make significant proposals on hours.

The company's offer would lift weekly earnings of a middle ranking process worker on a typical bonus and working five hours overtime from about £84 to £95. Earnings for a top-grade process worker on a continuous three-shift pattern would rise from about £119 to £137, including bonus.

Miners fear more closures

BY CHRISTIAN TYLER, LABOUR EDITOR

FEARS of an accelerated programme of pit closures backed by the Conservative Government are likely to dominate the annual conference of the National Union of Mineworkers, opening in Jersey next week.

Although the Government is expected to maintain the level of new investment in the coal industry of about £500m a year until the early 1980s, the NUM is concerned that the bulk of the expenditure will be directed towards productive pits and new coal fields like Selby in Yorkshire and the Vale of Belvoir in Nottingham.

If the investment programme were to be channelled in this way, it would starve uneconomic pits in areas like Durham, Northumberland, Kent, parts of Scotland and South Wales, of the loss of many thousands of jobs the union fears.

An augury of the new Government's policy was provided yesterday when the National Coal Board told the union that it would go ahead with the closure of Deep Duffryn in South Wales despite fierce local resistance.

South Wales miners will be lobbying today's meeting of the union executive in Jersey to demand a strike ballot in support of Deep Duffryn which is seen locally as a test case for another 10 pits in the area believed to be threatened with closure.

The NCB rejected the union's appeal to keep the pit open. Deep Duffryn has lost £7m over the last five years and had produced no coal since May, "because of overwhelming geological difficulties."

It said the pit would be closed as soon as possible and the 430 miners offered other jobs in the locality.

Today's executive could well accede to the South Wales miners' request. The union has a policy which dictates that if the appeal procedure over closure of a pit on economic grounds is exhausted it can call a national ballot of the members.

The NUM executive has asked a meeting with Mr. David Howell, Energy Secretary, to ascertain the Government's attitude. Meanwhile, Mr. John Moore, Minister responsible for the coal industry, will be attending next week's conference as an observer.

Civil servants reject plea for arbitration

BY GARETH GRIFFITHS

A GOVERNMENT request to the Institution of Professional Civil Servants to make its pay claim to independent arbitration, was turned down yesterday by members of the union's national executive.

The request came at a meeting between the union executive and Mr. Paul Channon, Minister of State for the Civil Service.

The mood of the meeting was described as friendly, but Mr. Channon attacked the union after the meeting for not agreeing to go to the Civil Service arbitration tribunal.

He said the offer to 21,000 state civil servants averaged 26 per cent and the only condition was

Shipping deal 'sinister'

FINANCIAL TIMES REPORTER

that it should not be taken as a precedent. The offer of the 50,000 Professional and Technological grade staff averaged from 15 1/2 per cent to 22 1/2 per cent.

The Civil Service Department has costed both deals as adding an extra £98m a year to the pay bill. Mr. Channon said the 15 per cent offer would mean another £80m a year on top of that figure.

Mr. Bill McCall, general secretary of the IPCS, said the responsibility for settling the dispute now firmly rested with the Minister and it was up to him to recognise the merits of the Institution's case.

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TUC's attack on 'biased' media

FINANCIAL TIMES REPORTER

THE PRESS, radio and television were accused yesterday of anti-union bias and distortion in reporting last winter's round of strikes. The claim comes from a working group on the media, set up by the TUC general council.

During January and February—the time of the lorry drivers, tanker drivers, rail, hospital, ambulance and local authority strikes—"trade unions and trade unionists were subjected to an unending series of attacks and abuses, which exceeded the experiences and expectations of even the most seasoned media watchers," said the report.

Little attention was paid to an effectively-operated code of conduct aimed at restricting the impact of the strikes on families, patients, and essential supplies and services, says the report.

"At times it seemed as though the country was at war with trade unionists,

TUC's attack on 'biased' media

FINANCIAL TIMES REPORTER

who, as it was all too rarely pointed out, form more than half the working population."

The report says many trade unionists have long believed the mass media is biased against them.

It criticises the restricted ownership of the Press by large, often multi-national companies, claims that broadcasting is "establishment orientated," and that 70 per cent of national dailies now have a "pro-Conservative, anti-trade-union policy."

The report says facts were mixed with comment in news stories and the effect on public opinion by mid-February was an almost universal cry for trade union reform.

"What was meant by reform was clearly not strengthening. Many people calling for the power of the unions to be curbed had little or no experience of the disputes taking place. Their sole source of information was the media," says the report.

THE PROPERTY MARKET BY MICHAEL CASSELL

Foreign investors eye the U.S. market

THE GREAT American Real Estate Rush is apparently gathering pace, despite mounting controversy within the U.S. over the growing numbers of foreign investors who are buying up property from Long Island to Los Angeles.

But as everyone from the U.S. Congress down watches the spread of overseas participation in American real estate, over 100 potential major investors from throughout Europe and the Middle East have this week been meeting in London to see what America has to offer.

A two-day conference at the Cafe Royal has, in the week in which the National Coal Board's pension funds succeeded in its £67m bid for Continental Illinois Properties of California, provided other would-be investors with an opportunity to hear from leading U.S. real estate specialists what prospects are like across the Atlantic.

The location and evaluation of suitable investment opportunities, the legal aspects of U.S. real estate, tax liabilities and financing procedures have all figured prominently in the type of seminar which is hardly likely to allay American fears that a sizeable chunk of the country's best real estate is due to fall into foreign hands.

According to Mr. Ben Lambert, conference chairman and chief executive of the property division of U.S.

broking giant Blyth Eastman Dillon, foreign purchases of American property are increasing, with virtually every type of property being considered for acquisition.

Historically, overseas institutional and individual investors have concentrated primarily on income-producing properties— including offices, shops, hotels and agricultural land. Now they are moving into development transactions, unimproved land, part-interest purchases and buying property companies outright.

With anticipated returns often better than in their own country, overseas investors have also been quick to appreciate that the declining value of the dollar is creating significant foreign exchange bargains. They can frequently achieve tax benefits through real estate purchase in a country where taxation policies are not in any case onerous and are most unlikely to be discriminatory.

Foreign buyers are sometimes drawn to the U.S. by the accepted use of leverage, in contrast to the situation usually found in other markets where long-term mortgage financing can seldom be found for real estate deals.

With the trend towards more planning controls and restrictions, you can still build virtually what you like where you like in major cities like Houston, implying fewer development opportunities and

higher rental growth for prime properties, the attractions of the U.S. market seem clear.

Underneath all these considerations lies the implicit belief that the U.S. has come to represent the last bastion of social, political and economic freedom, as well as the best place to invest safely.

Mr. Lambert's assertion at the Cafe Royal that the U.S. also appears to be less vulnerable than other nations to major economic disruptions may, however, have touched on the biggest single—imponderable—now hovering over the American market.

Whether or not the U.S.—which is now as jittery about inflation as it is enraged about the long petrol queues—can avoid a recession is still anybody's guess. There are many differing opinions on what is in store.

Mr. Lambert says that there is a widespread perception among foreign investors that, in the longer run, the U.S. is still probably more determined and better equipped than most to bring inflation under control, a view which some potential investors might not so readily accept. The U.S. property market has, after all, had its share of slumps in the past.

There is also the question of the likely extent of future opposition to the spread of foreign investment in real estate—a concern which has already led to new legislation

Atlanta works hard to restore its image

ATLANTA, WHERE General William T. Sherman still rouses more public antagonism than any amount of foreign real estate investment, is working hard to capitalise on its fast-growing reputation as an international business centre and to restore its image as an attractive real estate market.

In the last 21 years, a dozen foreign banks have opened or been granted licences to operate in one of the "Sun Belt's" most dynamic population centres, and a broad range of legal, financial and general business services are expanding apace.

But Atlanta is still smarting from the last recession in the early 1970s, which left it badly overbuilt. Monuments to the past boom remain, like the still vacant Peachtree Summit building and the empty office space in the breathtaking Omni International complex, an inspired attempt at inner-urban regeneration which went amiss.

But now much of the city's excess capacity has been absorbed—more than 3m sq ft in 1978—and many new development plans (not all of which are expected to get off the ground) have recently been announced. Nearly every major office park along north Atlanta's perimeter highway has speculative building in progress and all the predictions suggest that

IN BRIEF

- AVP Industries has sold the freehold of 28,000 sq ft of warehouse at the former United Biscuits factory, Horton, Middlesex, for more than £300,000 to Roper Holdings. Agent for AVP was John D. Wood.
- British Rail has leased 30,000 sq ft of offices on two sites at Tavistock Place, London, from Hearts of Oak Benefit Society. The sites include 19,000 sq ft of garaging. Rental is about £331,500 a year.
- The United Friendly Insurance Company has bought Valcan House, Camberley, Surrey, for more than £500,000. The 7,000 sq ft office building is let for £35,000 a year to S.G. Inspection Services.
- Hans House Group has arranged more than £500,000 forward financing for a shop and office refurbishment at High Street, Sevenoaks, by S.I. Pension Trustees. The site has been pre-let to the Bejam retail group and a local firm of solicitors.
- Southern Electricity Board has sold 8,100 sq ft of shops and offices at Fleet Street, Swindon, for £100,000 to Baker Automatics. Debenham Tewson and Chinnocks acted for the board. Loveday and Loveday acted for Baker.
- United States Lines has leased 9,700 sq ft of offices on the ninth floor of Bowater House, Knightsbridge, London. Rental is thought to be £13 per sq ft.

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Details please to sole agents,
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Development Land available in Wales

CARDIFF OFFICE
CARDIFF - Ty Glas
City location. Easy access to motorway network. Tenders are sought for long leases of the following sites:-
Site No. 1
Warehouse development (Class X) extending to approximately 1.32 ha (3.27 acres).
Site No. 2
Light Industry and Warehouse development (Class III and X) extending to approximately 8.24 ha (20.36 acres).
The estate roads serving these sites are to be constructed by this Authority.
Closing date for Tenders - 12 noon Tuesday, 21st August 1979.

Near CARDIFF - Talbot Green
Retail Warehouse development. Tenders are sought for a long lease of this site with planning permission for retail warehouse development of up to 10,000 sq. m. (107,600 sq. ft). This location is approximately 2 miles from the M4 Miskin Interchange to which it is directly linked. The site is adjacent to a district shopping centre now being developed by Tesco, the freehold of which is owned by this Authority.
Closing date for Tenders - 12 noon Tuesday, 4th September 1979.

Near CARDIFF - Llantrisant Common
Industrial and Warehouse development site approximately 3 miles from the M4 Miskin Interchange. Offers are invited for a long lease of the whole or part of this 6.6 ha (16.3 acre) site.

CARMARTHEN OFFICE
Near LLANELLI - Felinfoel
Residential development. Offers are invited for the freehold of this 1.42 ha (3.5 acre) site overlooking the picturesque valley of the River Lliedi.
Vacant possession on completion.

Port Talbot
Industrial and Warehouse development site at junction of M4 Motorway and A.48. Approximately 37.23 ha (92 acres). Possible railhead connection into London/Swansea line.
Offers are invited for a long lease of part or the whole of this strategically located site.

WREXHAM OFFICE
CLWYD - Kinmel Bay
Supermarket site of 4,180 sq. m. (45,000 sq. ft.).
Tenders are invited for a long lease of this 2.12 ha (5.25 acre) site. Well located in relation to the coastal towns of Prestatyn, Rhyl, Abergala, Colwyn Bay and the surrounding rural areas.
Closing date for Tenders - 12 noon Tuesday, 4th September 1979.

CLWYD - Kinmel Park
Industrial and Warehouse development. Offers are invited for a long lease of this 1.1 ha (2.7 acre) site adjacent to an intersection of the proposed A.55 Expressway.

CLWYD - Connah's Quay
Residential development. Offers are invited for the freehold of this attractive 1.8 ha (4.45 acre) site bordering countryside and within easy commuting distance of Chester and Merseyside.
Vacant possession on completion.

GWYNEDD - Dolgellau
Residential development. Offers are invited for this freehold .84 ha (2.1 acre) site in the Snowdonia National Park -
Vacant possession on completion.

Further particulars obtainable from the appropriate office, as follows:-

LAND AUTHORITY FOR WALES
AWDURDOD TIR CYMRU

Area Land Manager (SE) Land Authority for Wales, Brunel House, Fitzalan Road, Cardiff, CF2 1SQ Tel: 0222-499077	Area Land Manager (N) Land Authority for Wales, 33, Grosvenor Road, Wrexham, LL11 1BT Tel: 0978-57133	Area Land Manager (W) Land Authority for Wales, 20A King Street, Carmarthen SA31 1BH Tel: 0267-32471
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TDC 171 

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01-493 6040

Wright & Partners
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Telephone: 01-493 4121

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On instructions from British Rail Property Board

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By Order of the Housing Corporation

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Contact: Jan R. Holden, B.Sc. (Econ) M.B.I.M.
Director of Industrial Development
Kingston upon Hull City Council 77 Lowgate, Hull
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CITY OFFICE CENTRE, 5 mins. from Bank, 1st floor serviced and furnished office suites with private lift. Any size available. Ring 888 4878 or 240 3759.

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12,000 SQ. FT., LONDON SW17. Exceeds 2-storey modern unit. Approx. 9 years old. Served by lift. 3,500 sq. ft. C.H. Good lease. All amenities. £27,000 p.a. New lease. Goldenberg & Co. 01-491 4101. Tel. 295198.

INVESTMENT FOR SALE

ASHBURNHAM, Nr. Epsom, Surrey. Lot 1 Street and Northmans Farms Freehold mixed farm of 84 acres. Farmhouse and buildings suitable for tourism. Lot 2 - vacant freehold 1.5 acres. Accommodation land. Both lots for sale by auction (unless previously sold) on Friday, 7th September. Preliminary details: Burtonshaw Walker, Epsom 2237.

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CANADA

Ontario, Niagara Region 18-hole Golf Course plus approx 720 acres (and with excellent development potential).

Write Box T.5098, Financial Times
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TOP YIELDING Productive Northern Illinois Farmland located 100 miles west of Chicago. Abundant rainfall. Tracts available from 10 acres to 5,000 acres. C22 becomes to 1,200 hectares. For further information write: Paul J. Miller, Rock Falls Realty, Rock Falls, Illinois 61071 USA, Tel. 815 428 2253.

John Little

The change is as good as a rest.



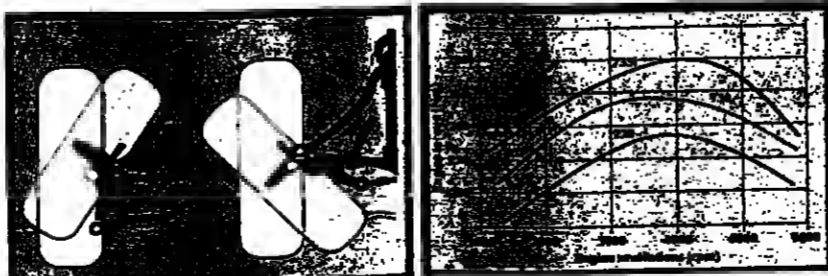
Should one drive a BMW 7 Series it will be quickly appreciated that large and luxurious cars can also be a great pleasure to drive. Luxury has not been allowed to go so far as to isolate the driver from the road. In the 7 Series refinement and performance have been delicately matched to offer the driver a rare delight. It is not for those who wish to be cocooned in soporific splendour. It is for those who demand space and refinement with character and purpose.

The discreet design of the BMW 7 Series reflects the solid quality found throughout. It is that certain kind of quality that one takes pride in. Inside there's a sense of spaciousness, and the seats and ventilation create an environment of relaxed alertness.

The 7 Series cars offer three different engine capacities - 2.8, 3.0 and 3.3 litres, the latter with fuel injection. The 'straight six' configuration has often been said to be the most refined and smooth running of engines. In the big BMWs the sophisticated design produces excellent power to litre ratios as well. This, of course, is vital for automatic transmission. However it also makes manual driving a very refreshing experience. The

four speed gearbox is a pleasure to use and encourages a very positive and enjoyable style of driving. Whilst acceleration through the gears is extremely quick, each gear, due to the wide torque band of the engine, gives a powerful and effortless 'long-leggedness'.

The overall concept of refined driving appeal in the 7 Series is resolved in the chassis and suspension. There is no reason why a large car should not be able to have agile handling as well as



Double pivot front suspension with the small positive roll radius gives improved straight line stability at high speed.

Torque graph shows that a wide, flat band of power is available to enhance effortless driving.

an ease of comfort. The chassis offers handling incomparable in this size of car. To this is also added BMW's speed-related power steering - as the engine speed increases power assistance diminishes so one has maximum assistance for parking, and decreasing assistance as speed increases, for greater road 'feel'.

Drive a BMW 7 Series and one realizes that it offers something unique and satisfying - luxury with complete performance. Indeed in every sense the change to a BMW 7 Series is, especially for those who have become a little weary of driving, as good as a rest.

Insurance Our new exclusive 'Sureplan' Insurance Scheme guarantees, under normal circumstances, to quote, offer competitive rates and fast approval of accident repair estimates. Your local BMW Centre will be happy to introduce you to the scheme.

Leasing Your local BMW Centre can also provide comprehensive advice and assistance on leasing arrangements for your BMW.

Prices:
728-£10,499. 728A-£10,998. 730-£12,399. 730A-£12,898.
733i-£13,599. 733iA-£14,098.
Prices correct at time of going to press.



For the joy of motoring.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

STOCKTAKING

Collecting the data from the shelves

HAND HELD, a data collection and transmission unit from British Brown Boveri sends information at about 12 lines Telex speed over phone lines for central storage, ready for feeding to a computer system.

Members will make data capture easy in areas from supermarkets to warehouses. Sending and collection equipment weighs about one kilogram and includes an acoustic coupler which fits on to the telephone mouthpiece.

A simple keyboard allows information such as sales orders, instrument readings or any other data collected on the spot to be keyed in to the semiconductor memory. Up to 329 lines of 12 characters each can be stored before transmission, and each entry is shown on a liquid crystal display for checking before it is committed to memory. Data can also be recalled for checking if necessary. The memory is non-volatile (not lost when the unit is switched off).

A useful facility is that the first line of data is semi-permanent, remaining even when the remainder is erased, allowing the retention of, say, a salesman's name.

It is also possible to incorporate a checking program to prevent operators from entering meaningless or non-required information.

Options include connection of a light pen for taking data from bar-coded labels, and a portable printer that allows the entire contents of the portable unit's memory to be printed out. A salesman could then keep a copy of all his orders for the day.

Sending the data involves no more than pushing on the

acoustic coupler, dialling the appropriate number and pressing the transmit button. A high security transmission code is used and the central receiver validates the incoming data giving high integrity, even with interference on the phone line.

At the receiving end the data is once again stored and a signal is sent to the transmitter end to confirm to the operator that the data is secure. Subsequently, the information can be transferred to floppy disc or magnetic tape and dealt with by the computer.

A safety feature is that transmission of the data does not erase the portable terminal's memory—it can be sent again if necessary.

More from Glen House, Stag Place, London SW1E 5AH (01-829 9422).

INSTRUMENTS

Will detect any object

OBJECTS of virtually any size moving at distances up to 800 mm can be detected with a long range infra-red proximity switch put on the market by Calvin Instruments, Church Road, Newport, Gwent NP7 7EJ (0291 422886).

No special reflectors are required and the unit will work with all surfaces apart from matt black. Unaffected by ambient light, the detector has both emitter and receiver mounted in the same box measuring 122 x 40 x 42 mm.

Know as the Series IP, the device uses a modulated beam

which permits the electronics connected to the receiver to reject all light apart from the reflected transmitter beam.

Measures the fields

MADE IN Germany, the Forster Koerzmat 1.095 coercive force measuring instrument is now available in the U.K. from Wells Krautkramer, Blackhorse Road, Leichworth, Herts. (04626 2644).

Coercive force (the reverse magnetising force needed to bring magnetisation to zero after ferromagnetic material has

ENERGY

Petrol saver wins a gold medal

STAVELEY Electrotechnic Services, a member of the Staveley Industries Group, is about to make the commercial launch of a new device for the control of air/fuel ratios on petrol engines used in road transport and stationary applications and thus achieve better fuel economy.

Ability accurately to maintain a specified air/fuel ratio ensures that combustion is improved, high hhp provided with better low-speed torque and noxious exhaust emissions reduced very remarkably.

Above all, it is the claim for fuel savings between 12 and 15 per cent that will attract attention and inevitably, a proportion of disbelief.

Many claims have been made over the years for add-ons to carburettor systems that save petrol and the greater the shortage the wilder the claims for these and other devices appear to get.

The Motor some time ago ran a series of exhaustive tests on "petrol economisers" some of which provided no economy at all.

However, Staveley did not come to its decision lightly and there are serious reasons why it backs the device, culmination of nine years' research and development by Andrew MacGuire, an engineering consultant on commercial and in-

dustrial applications.

Ferry Cap and Set Screw Company in the U.S. has been financially supporting the development and Mr. MacGuire's device has won him the coveted "Richardson Gold Medal" for 1978.

The award of the Richardson Gold Medal is made annually by the Institute of Patentees and Inventors and is given for the invention patented in Britain which, in the opinion of the judges, "best anticipates some future need of common sense or best meets a known demand of common society by some improved method."

Working of the petrol economy device (PED) depends on the diversion of a small percentage of the air, normally entering the carburettor, through the PED. This consists of a chamber containing three plastic spheres and having an entry and exit orifice.

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Existence of liquid fuel films in the intake system is normally a limiting factor in complete petrol atomisation and bampers the establishment of stable air/fuel ratios.

It has been established during testing in Canada that at low to medium engine speeds significant numbers of pulsations from the PED actually reach the combustion space in each cylinder. Resulting superior atomisation and equal distribution of mixture to each cylinder are the most significant factors contributing to the improved engine performance already referred to.

PED was amongst nearly 10,000 submissions made to the American National Bureau of Standards during its evaluation programme for energy conserving devices. It has been included in the 373 inventions selected to go through to the second stage of this evaluation, a significant step towards the possible acceptance by the U.S. Department of Energy for government grant aid.

Staveley Electrotechnic Services, 63 Grosvenor Street, Manchester, M1 2EW. 061 273 6321.

Oil from shale by laser

WORK GOING ON at the Israel Institute of Technology shows promise for the direct extraction of petrol and/or lubricant from shale.

No mining would be involved. The team has shown in the laboratory that underground deposits can be ignited by medium-powered laser beams so that once part of the fuel burns the heat causes the hydrocarbons to be expelled from neighbouring areas in the form of gas.

To do this on site, relatively inexpensive bore holes would be sunk into the shale; part of each bore would be occupied by

the laser beam and part by a system of gas and air pipes. A carefully controlled volume of air pumped into the hole once ignition has taken place, can determine the rate of combustion and the temperature reached. A second pipe would be used to extract the fuel gas freed from the shale.

Part of the gas condenses into a liquid form on cooling, but the rest will have to be compressed and treated like other fuel gases. The laser unit can be moved from one bore to another as a field is developed.

More from the Institute, Technion City, Haifa, Israel.

complete 25 MHz bandwidth, the oscilloscope is housed in a robust case measuring only 305 x 133 x 420 mm; total weight is 7.8 kg.

Timebase speeds range from 200 us/cm to 2 sec/cm, with vernier variation over a range of 2.5:1. There is also a ten times expansion facility giving a maximum sweep rate of 20 ns/cm.

Other facilities include the ability to subtract one channel from the other, attenuation, comprehensive triggering and Z modulation.

More from the company at Roebuck Road, Hainault, Essex IG6 3UE (01-500 1000).

Fine bright wave forms

A FURTHER general purpose oscilloscope from Gould Instruments division is OS 1200, a portable, dual trace 25 MHz instrument that employs a cathode ray tube with 100 x 30 mm screen and a 6 kV beam accelerating voltage with reduced spot size to give high definition and brightness.

Offering a maximum sensitivity of 2 mV/cm over the

METALWORKING

Resists the wear from abrasives

BECAUSE OF its extreme hardness, tungsten carbide is generally accepted as being a material used with machine tools, but another application whether this property is said to have particular value is in the manufacture of roof tiles, announces Dymet Alloys, Frimley Road, Camberley, Surrey (Camberley 64433).

It has supplied tungsten carbide products to Powell Automation of Portlisle, Sussex, for certain components in the latter's machinery for processing sand and cement, under great pressures and at high speeds.

High loads and abrasive forces are imposed on certain components which must be renewed from time to time and since these parts are machined to high standards, renewal can be a costly process. In addition, there are maintenance costs to be considered and loss of revenue from machines lying idle.

These considerations led the roof tile manufacturer to choose tungsten carbide for particular components, says Dymet, with the effect that working parts are considerably longer-lived.

CS air-hardening wires come in three types which can be used in the open where the gas shield would be blown away, or in situations where shielding gas is not readily available. They have internal vapour-phase shielding.

One type is said to be suitable for heavy buildup and can be finished with harder wires than the other, but is more brittle. Another resists rolling loads abrasion and impact and is for punches, shear blades, tractor rollers, idler wheels and track links. Third in the range is for chutes, scraper blades, sand and gravel pumps, bucket lids, etc.

High heat furnaces

EXTRA HIGH temperature for vacuum heat treatment and brazing specialised components can be achieved in two new furnaces by Torrva of Histon, Cambridge CB4 3HE (022033 3648).

For temperatures up to 1,700 degrees C the model 16HT/1700 uses molybdenum as the basic material for the hot zone construction while the other unit 16HT/2000 has a tungsten furnace element and can achieve 2,000 degrees C.

Platinum compound to cost less in use

BECAUSE of the sharp increase in the price of platinum, the Technical Metal Products Division of Degussa, Frankfurt am Main, is promoting dispersion-consolidated platinum compounds.

High strength values of this material, which remain unchanged at temperatures of over 1,000 degrees C, allow considerable savings in comparison with pure platinum because of the longer service life of the components or the reduction of weight, while dimensional stability is not affected.

High thermal resistance and creep strength of dispersion-consolidated platinum at high temperatures are due to the small amounts of finely dispersed zirconium oxide that are added to the metal to stabilise the platinum matrix. The creep strength at 1,400 degrees C in

a 100-hour test is for example about 13 N per square inch and this three times greater than that of Pt/10 Rh and 20 times greater than that of pure platinum. The ductility of the material allows hot or cold-chambering by conventional methods. Even machining of the material, which has the same corrosion behaviour as pure platinum, presents no difficulties.

Possible uses for dispersion-consolidated platinum are in all fields where good resistance to aggressive media is required and the material is simultaneously subjected to mechanical stressing and high temperatures. It is available in the form of various intermediates.

Degussa, Postfach 2644, D-6000, Frankfurt 1, German Federal Republic.

SHIPBUILDING

Propellor to make the best use of power

EUROCATCH, now in progress in London, has been chosen by Newage Engineers of Shaw, Lancashire, to introduce a 74-inch diameter four-blade H2P/1A two-pitch propeller system for trawlers and workboats.

The unit is the largest of a range of H2P two-pitch systems developed by Newage — part of the Charterhouse Group — attracting worldwide attention from trawlermen because of their fuel-saving potential when compared to solid propellers used on most fishing boats.

H2P propellers are designed specifically for vessels, such as trawlers and workboats, with two distinct operating requirements: free-running and working. The blades of the propeller are matched to the design characteristics of the vessel to provide a high pitch for free-running and low pitch for trawling or towing.

Change of pitch is effected hydraulically, using oil pumped from a modified reverse reduction gearbox. The system is fail-safe because, in the event of hydraulic failure, the propeller reverts automatically in steaming pitch so the boat is not left powerless. The only control for the system is a simple two-position switch in the wheelhouse.

Because the vessel is provided with an optimum blade pitch in both conditions, fuel usage is far more efficient than with a fixed pitch propeller.

PROCESSES

Oil cleaned for re-use

SOLIDS can be removed from a wide range of liquids using a new centrifugal clarifier from Bennett Guest.

A particularly important use at the moment lies in the reclaiming of cutting oil in machine shops.

According to the company there are still many shops, some quite large, that throw their used cutting oils away in some cases incurring costs of £10,000 to £20,000 a year. Furthermore, current costs of about 50p a litre are likely to increase in line with all other oil products.

Bennett Guest's latest machine costs about £2,000 and in one recent case says the company, this sum was recovered in five weeks.

The clarifier removes all types of particles without the use of filter cartridges but does not take out oil additives.

Applications are numerous. With grinding coolants, for example the unit will remove sludge generated by the material being ground as well as wheel particles.

A further application is with screw machine cutting oils that have been reclaimed from chips or taken from machine pumps.

The machine uses a bowl of special shape (rather like the re-entrant glass bottom of a wine bottle) which is spun at high speed to induce accelerations of over 1000G. The fluid is pumped in at the top while the sludge accumulates near to the bottom and clear oil overflows from the rim.

PERIPHERALS

Printer to provide a cut

LATEST printer from Tally, 7, Cremyll Road, Reading RG1 8NQ (0734 580141) is known as the M78 Self-Service and can deliver cleanly cut items such as airline tickets or hotel bills.

An optically-triggered roller on the printing head presses paper or card against a blade so that when the ticket or form has been printed it is cleanly cut off and appears from a slot at the front of the machine.

Tally says that airlines, shops, hotels, bus companies and banks are among organisations already expressing an interest in the UK. Such units are already in use in Germany for corner ticket issue to Stuttgart tram passengers.

Special versions are available for printing flight information strips for air traffic control, and for bar code labels in the retail trade.

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These higher levels of operation mean that the furnaces can handle high temperature refractory materials such as aircraft engine and nuclear reactor components as well as the glass-to-metal seals found in electronics and instrumentation applications.

Both furnaces are supplied with a modular control system that can be tailored to users' needs, and heating can take place under vacuum, under a single gas charge, or under a continuously purged gas charge at about 0.2 torr.

Safer wires for welders

FLUX CORED SURFACING wires which do not require a carbon dioxide gas shield, have been developed by Corewire, Ash Vale, Aldershot, Hants (0252 517666).

CS air-hardening wires come in three types which can be used in the open where the gas shield would be blown away, or in situations where shielding gas is not readily available. They have internal vapour-phase shielding.

One type is said to be suitable for heavy buildup and can be finished with harder wires than the other, but is more brittle. Another resists rolling loads abrasion and impact and is for punches, shear blades, tractor rollers, idler wheels and track links. Third in the range is for chutes, scraper blades, sand and gravel pumps, bucket lids, etc.

COMPUTERS

Speeding up the bills

ADMINISTRATION of internal financial accounts, budgetary controls and planning of the Stock Exchange will benefit by the installation of a mini-computer installed recently by Micro Business Systems, Aldwych House, Madeira Road, West Byfleet, Surrey KT14 6DA.

To be used to edit and enter the Stock Exchange's financial input data for updating project accounts and the general ledger, the unit will be based on a Jacquard J100 videocomputer with a satellite terminal and two printers, and is designed to operate both independently and also on-line to a large IBM computer that handles a number of Stock Exchange management accounting functions.

One of its prime uses will be to assist in assembling budgets and financial reports for services supplied by the Stock Exchange to its 4,500 members and the securities industry at large, among which are the market price display system, the interal telephones and paging service on the floor of the house, and the Talisman service that settles and records daily transactions.

Included in the system is a word processing facility that uses a new software language called Type-Rite. This has been developed by AM Jacquard Systems, in America; it was recently awarded the 1978 Datapro word processing award for having achieved "an outstanding degree of user acceptance"—the result of a survey among word processor users conducted by Datapro Research Corporation in conjunction with the International Word Processing Association.

Data entry applications in the Stock Exchange system will be handled by Data-Rite, a data entry language described by Jacquard as the first stage towards the introduction of a full data base management system. This will be used initially to transcribe information from source documents into computer language.

Offering a maximum sensitivity of 2 mV/cm over the

complete 25 MHz bandwidth, the oscilloscope is housed in a robust case measuring only 305 x 133 x 420 mm; total weight is 7.8 kg.

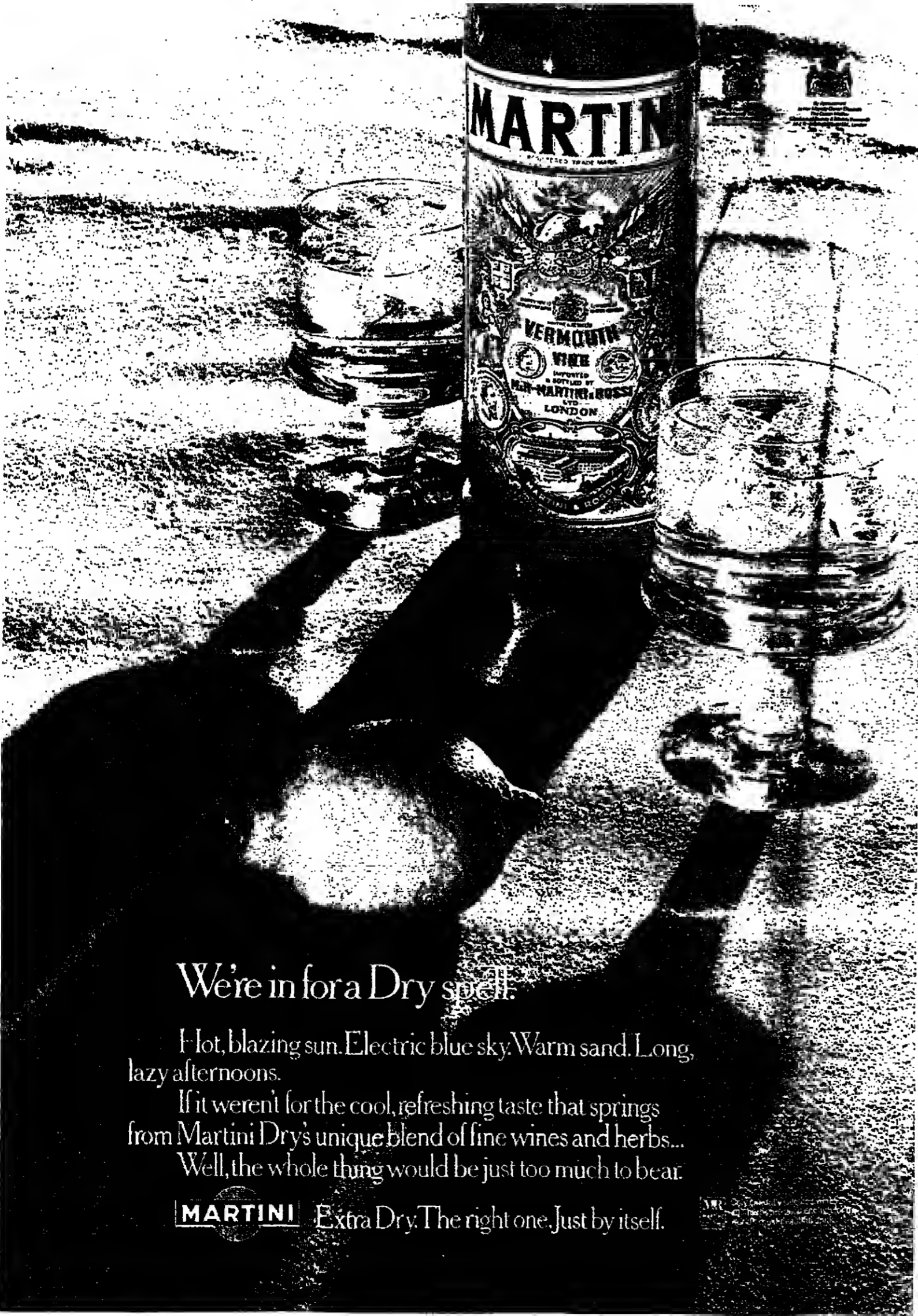
Timebase speeds range from 200 us/cm to 2 sec/cm, with vernier variation over a range of 2.5:1. There is also a ten times expansion facility giving a maximum sweep rate of 20 ns/cm.

Other facilities include the ability to subtract one channel from the other, attenuation, comprehensive triggering and Z modulation.

More from the company at Roebuck Road, Hainault, Essex IG6 3UE (01-500 1000).

Offering a maximum sensitivity of 2 mV/cm over the

complete 25 MHz bandwidth, the oscilloscope is housed in a robust case measuring only 305 x 133 x 420 mm; total weight is 7.8 kg.



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Ring (0892) 42866 for more details.

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FINANCIAL TIMES SURVEY

Friday June 29 1979

The Channel Islands

Jersey and Guernsey's newly-developed importance as offshore financial centres has buoyed the islands' prosperity in a period when it otherwise would have flagged. Efforts are being made to boost tourism, especially by attracting more visitors from the Continent, and the third staple industry, agriculture, faces a number of difficult problems.

THE POPULAR image of the Channel Islands as a place where the tourist industry makes everything as easy as possible from a cursory view of the crowds thronging the quays in St. Helier, Jersey, or the Quay in Guernsey's Peter Port. As the holiday-makers window shop and gasp at the price of a bottle of whisky or a packet of cigarettes, they do not seem to be forgiven for thinking of the islands as some sort of paradise. In fact, the islands are rarely as idyllic as they seem on the surface. Tourism is not the major source of income on either Jersey or Guernsey, and both islands—along with Alderney, Sark, and Jethou which come under the Bailiwick of Guernsey—face a higher rate of inflation than that experienced in the UK.

Diversify

In some ways the situation facing the islands over the past 25 years has been not dissimilar from that facing the UK. They have had to cope with declining basic industries and diversify into new sectors; what is undeniable is that they have done it a lot more successfully. The economies of both Jersey and Guernsey were based originally on agriculture and

fishing on to which tourism was later grafted. But there came a time in the middle and late 1950s when it was apparent that these were not going to provide the growth to sustain expanding economies.

It was then, from 1960 on, that the islands developed their financial expertise to the point where financial activities now account for just under 25 per cent of the national income in Guernsey and (together with the contribution made by wealthy immigrants) about 30 to 55 per cent in Jersey.

Whether the rate of growth which has taken financial activities to such a level can be sustained is open to doubt. Mr. Peter Dorey, president of Guernsey's advisory and finance committee, has said that "it might be more difficult to maintain the growth experienced in the financial sector in recent years." And in Jersey there have been warnings that sectors with shallow roots have to be watched carefully.

Every effort is being made therefore to develop the traditional industries. It is difficult to move about in either of the two island capitals without hearing French spoken and great efforts are being made to attract more continental holidaymakers in case rising costs in Britain should lead to a diminution of the numbers coming from there.

Tourism brought in about £87m last year for Jersey, out of a total gross domestic product of £255m to £350m and about £35m in Guernsey, but with prices up 12-15 per cent and another 10 per cent likely

this year in Guernsey a careful watch is being kept.

Guernsey had a record year with 8 per cent more arrivals, taking the total number to 331,596 excluding those who came from the Continent by sea. But in Jersey, also hit by rising prices, the number of beds occupied actually fell.

Both islands have aimed to attract French holidaymakers in particular. With an easy hydrofoil service—St. Helier is 14 hours from St. Malo, though France is only 12 miles away

strain on stretched hotel resources and also tend to spend more heavily than those staying for a week or longer. What has pleased the authorities particularly is that continental visitors have included a significant proportion from Germany, Belgium, Holland and Scandinavia.

The other staple industry, agriculture, faces rather more problems. The islands are finding it increasingly difficult to sell their products, predominantly potatoes, caul-

To counteract this the government gives grants and about 40 acres of greenhouses are being built every year—but at a cost. An acre of greenhouse can now cost £100,000 and, to ensure that growing is as cost-efficient as possible, greenhouses of up to 7½ acres are being put up.

Soil is now almost a thing of the past in the houses and in the larger ones; labour has been pared to the bone, which has led to strains elsewhere in the economy which has to absorb the displaced labour force.

market, it is difficult to find somewhere to live for essential workers.

In Jersey there has been some strain at the bottom end of the scale where school leavers with few qualifications have found difficulty in getting work. Their situation is exacerbated by the fact that the island (though not Guernsey) adopts a hard line on unemployment. There are few unemployment benefits and so anyone out of work has to be supported by a relative or friend or take the

something costing at least about £150,000.

Nor has there been any cut-back in the rate of new company registrations. There was some slowing in the rate of increase last year and a changed pattern—fewer registrations in Britain but more from non-resident-area residents and from overseas trading companies.

Guernsey's rules on entry are different. It allocates licences for certain essential people to buy houses; this year 90 will be issued, of which the States (or Government) will take a proportion. Otherwise those wanting to come in have to buy a house on the open market register, of which there are only 1,400 out of a total island stock of some 15,000. At the moment, there are only "a dozen or so houses on this list for sale."

The underlying trend of the sector remained satisfactory last year with the 879 new companies registered, only 20 short of the record total of the previous year. No new banks were established last year, but because fewer companies were struck off the register or went into liquidation the total rose by a record 602 to 5,326 (and another 12,675 in Jersey).

The real concern as the autumn approaches is how fast the rate of inflation will accelerate. Neither island can divorce itself from what happens in the UK, to which they are closely linked economically. The usual pattern has been for the islands to follow the trend of inflation in the UK but to be a couple of points above it.

rose 11 per cent in Jersey between June 1977 and June 1978, at a time when it went up by 7.4 per cent in the UK, and in Guernsey the rate was 9.1 per cent during 1978 against 8.4 per cent in the UK. By this March the annualised rate in Jersey had crept back to 11.6 per cent and hopes of getting it into single figures had been abandoned.

Neither island has a rigid pay or prices policy so wage rises tend to be nearer the rise in the cost of living except where rates are determined by what happens on the mainland (teachers, some civil servants, nurses). More recently, a local element has been introduced which will add to the inflationary pressures.

Prudent

The States in both islands are aware that this means prudent budgeting. Both adopt essentially conservative approaches to the general direction of policy, creating a budget surplus to pay for future spending.

Such a policy has suited the islands because they have prospered. The authorities are aware that the future will present new problems, not least being the effect that a change of government in Whitehall and a change of direction in tax policy might have on them.

But they are not pessimistic. When policies are being considered the paramount aim is continuity and stability and it would take a very large shift in world economic conditions to knock them off course.

A search for stability

By Anthony Moreton, Regional Editor

from Jersey at the nearest point, and St. Peter Port 14 hours—there has been a big jump.

Seven or eight years ago about one visitor in every 12 who stayed on Jersey came from the Continent; today the figure has risen to one in five. And although the number of day-trippers dropped last year this probably was due in part to the disastrous season in Brittany following the Amoco Cadiz disaster.

Similar trends were apparent in Guernsey and the day-trippers have been particularly welcomed because they put on

flowers, tomatoes and flowers. Jersey's total agricultural exports last year were about 7 per cent down on 1977 and will not have been helped by the severe winter this year.

Of the two, Guernsey is the larger agricultural island and export earnings rose slightly to £35.2m last year (more than double the Jersey figure). Of this, tomatoes accounted for £24.6m. Despite last year's good result the general pattern of the tomato industry is one of decline; the number of acres under glass has gone down from 1,100 to 850 over the past decade.

There is little unemployment in Guernsey at the moment (probably fewer than 100 are actually out of work) though because of the seasonal nature of so much of the island's economy there are greater strains in the winter. The main problem is to find suitable long-term employment for those displaced from horticulture and short-term work for the hotels in the summer.

Both islands would like to attract more high-technology light industry, but this is not easy, especially when, to protect its population growth and so avoid strain on the housing

next boat to the UK, where he or she will be rather more sympathetically received.

By contrast, the finance sector in both islands has continued to prosper. There has been no diminution in the flow of wealthy immigrants seeking to establish residence in Jersey (the island stipulates that anyone economically or socially acceptable must be able to contribute a sum comfortably above £10,000 each year in tax, which means a gross income well above £50,000, and that he should be able to buy a house well outside the range bought by local people, which means

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THE CHANNEL ISLANDS II

New industries provide economic diversity

LIGHT INDUSTRY has been welcomed in the Channel Islands as a means of diversifying the economy and creating steady employment—especially in Guernsey where there has been a need to offset the fall in horticultural jobs through modernisation.

Both Jersey and Guernsey can afford to be highly selective about the industries they allow in, because there is no shortage of applications.

The Channel Islands offer a very attractive package, with low income tax, minimal government interference, quick decision-making by local authorities, reasonable access to both UK and Continental markets, and political stability. They are also very pleasant places to live in, and there is little industrial unrest.

Disadvantages are the restrictions, particularly on housing and land, that the islands have to impose for social and environmental reasons, and the shortage of skilled local craftsmen and technicians. From the Channel Islands' point of view, it is important to select a variety of small to medium-sized production units, employing from 20 to 200.

Says Mr. Ron Barton, Guernsey's Industrial Development Officer: "What we look for is good quality companies making high added-value products. We try to diversify those that are set up but we cannot cushion the island from general economic trends outside. And when considering a new application we bear in mind our responsibility to existing local light industries."

In Jersey the number employed in light industry has remained steady since 1971 at around 1,000. Exports in 1978 were well over £20m. The latest estimate for Guernsey's exports is around £40m in 1977, when the number employed was over 1,400.

These figures reflect the degree to which each island has found it possible to balance growth against pressures to open up new industries—which remain very high—and the islands' resources—which are very limited.

Jersey's policy is that priority should be given to existing local businesses that want to expand or move to better premises. This does not preclude a new industry being

allowed to set up if what it has to offer is interesting and fits into the island's overall economic policy.

However, recent recommendations put to the island's Parliament for controlling immigration, are bound, if adopted, to affect the development of light industry, since they include tighter restrictions on the starting of new businesses and enlargement of existing ones.

Guernsey could absorb up to two new units of the right kind a year, but priority is likely to be given to a business that employs men rather than women.

Meanwhile the existing light industry sector in Channel Islands is booming—the range of products made in Jersey and Guernsey, and the world markets they reach, make an impressive list. Training facilities at the islands' colleges of further education, and within the local companies themselves, have widened in scope to meet the need for local recruitment at every level.

Expansion

Traditional industries such as boatbuilding and knitwear show healthy expansion in Guernsey. Le Tricotour began producing traditional Guernsey sweaters in 1965 with two full-time staff and six handknitters working from home. In the next few months, the company moves from its existing 5,000 sq ft premises to a new 12,000 sq ft factory at the Pitronnerie Road industrial estate where it has a further 18,000 sq ft available. Le Tricotour is a model as regards housing. All 70 staff are local, and 400 additional outworkers are employed.

Islanders also head two relatively new thriving companies. Mr. Maurice Le Huray is managing director of Universal Packaging—a Guernsey subsidiary of Longside Universal—which employs 30 and exports plastic sheeting to the mainland and to Holland, France and Canada.

Operations manager at Dynatech Data Communications, offshoot of the Dynatech Corporation of Burlington, Massachusetts, is Guernseyman Mr. Alan James. This company, which makes units used in computer communications tech-

nology, began operations in 1977. It has 45 employees and last year doubled its turnover to £2m.

Electronics is well represented among Guernsey's most successful enterprises. The American oscilloscope company Tektronix opened up on the island in 1958 and is now the biggest industrial operation in the Channel Islands. It employs 700—45 per cent of whom are men. Besides assembly, it manufactures a range of electronic components and supplies 19 countries.

The Guernsey subsidiary of Eurotherm began making components for electronic industrial temperature control equipment for its UK parent company in 1973 with a staff of 25. Now it has a 13,000 sq ft factory in St. Peter Port employing about 115, and this year began production and assembly of a complete unit for export to France. Now occupying its own 40,000 sq ft factory and office block at Brave Road industrial estate is the manufacturing chemist Simco, which started with a staff of 12 in 1975 and today employs 50. The company's main product is Dendex denture cleaner and this year it began making packaging for some six over-the-counter pharmaceutical lines.

Latest arrival to Guernsey is Teal Engineering, which started operations a few months ago and makes Jupiter pumps and fresh water systems for caravans and boats, employing 15. There are two main areas in Jersey where new factories can be sited—the existing Rue des Pres trading estate in St. Saviour, where only the first phase of development has been completed, and on part of land reclaimed from the sea at La Collette, near St. Helier.

Among the half-dozen companies already on the estate is RCA (Jersey) set up as British subsidiary of the American giant in 1966 and now employing about 120 on the production of television broadcasting equipment for world export.

Last year the company won a major contract to supply colour television equipment to Yugoslavia and recently it received a £24m order for 90 television cameras from Radio Televisione Jutika, which will have 140 of these Jersey-made units in use by the end of the year.

RCA has always relied for staff largely on internal training of local school-leavers, and of the original group taken on some are now in senior positions.

A small company on the Rue des Pres estate that has an impressive export record is Jersey Fine Tools, which employs 23—half of them Jersey-men—in the manufacture of metal-cutting machinery. Its range of precision cutters is exported to the U.S., Australia, Canada, South Africa, the Far East and most parts of Europe.

Specialists

Jersey's largest industrial concern is Redifusion Reditronics (formerly Television Research), the companion company of Redifusion Channel Islands, which operates radio and TV cable systems locally.

Specialising in the design and manufacture of electronic equipment for background music, public address systems and the like, this 23-year-old company occupies a 50,000 sq. ft. factory at La Pouquelaye on the outskirts of St. Helier. It has a staff of 210 and an annual turnover approaching £2m, with half of its output going outside the UK. Last year the company

launched a new line in audio-visual aids for museums, historic sites, wildlife preserves and similar locations. These are housed in highly weather-resistant metal columns and are produced in two forms—"talking posts" and "listening posts," the latter providing a commentary only audible to the person plugged in. This equipment is now used at 17 sites in the UK and has recently an initial order has come from Canada. The company also reports considerable interest from Holland.

Tyre-retying plants in use in some 70 countries were made in Jersey at the Longueville factory of Kentredder, a highly successful local venture started in 1961 by Commander J. H. F. Kent, an ex-naval man with long experience in the rubber industry.

Two systems are supplied to users as a complete package, with the company's engineers flying out to put them into commission and train local personnel. At present Kentredder, which has a staff of 65 and an annual turnover of £800,000, is carrying out a major programme for the Australian tyre company Bell Bros.

Willa Murray

UDISCO—the first money brokers in the Channel Islands to receive the Reuter Monitor Money Rates Service.

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REUTERS
World markets as they move

Peter Dorey

FROM HIS office on the quay at St. Peter Port, Guernsey, Peter Dorey can look out over the yacht basin to the islands of Herm and Sark. Next door, on the one side, is the Royal Channel Islands Yacht Club and on the other a yacht chandler's. Even the pub beneath the club is the Ship and Crown.

This emphasis on the sea is highly appropriate, for Peter Dorey in his capacity as chairman of Onesimus Dorey (Holdings) runs a successful ship-owning business and in his leisure time races an Oyster 37 yacht.

PROFILE

Dorey, though, is more than just a businessman who pursues his hobbies with the same intensity. He has for the past 18 months been president of Guernsey's Advisory and Finance Committee, a position that might be called the island's Chancellor of the Exchequer. As the island has no political government as the UK understands the term, his position makes him the senior politician on Guernsey.

At the age of 51 such success sits easily on him, as well it might for he can trace his lineage back some 400 years. Not that this is an especially long time as he points out. "Really the Doreys are young in Guernsey terms. There are people here who can trace their antecedents back 1,000 years."

Dorey is one of the "200 families on Guernsey, though he would deny that, too. An insular society such as Guernsey has its own rules of precedence just as much as the British have and Peter Dorey unquestionably has a special place.

It is not his family heritage, though, which has brought him to his present position, though it cannot have been a hindrance. The shipping business was founded by his great grandfather, Josiah, in 1824, but it was his son, Onesimus, who really established the business on a sound footing after the worldwide shipping slump of 1873.

Dorey ships traded across the Atlantic and by the late 1890s, apart from Continental tramping, the Doreys were running liner services between the islands and Plymouth. The expansion was continued by Cecil Dorey, Peter Dorey's father, through the terrible trading conditions of the 1920s and 1930s, and despite the tribulations of the Second World War when six of the fleet's eight vessels were sunk. Peter Dorey was almost 12

when war broke out and a year later he and his family left Guernsey for England just days before the Germans arrived. "I remember that June very well. You could see gun flashes on the Cherbourg peninsula as the Germans arrived and when the oil tanks blew up a big pall of black smoke hung in the sky."

"We left the island with a lot of other people. Our destination was Newlyn, but when we got there we were met by customs who told us we could not stay there as it was not a scheduled port. We had to go to Falmouth, we were told."

"But the previous evening six ships had been sunk off Falmouth and there was no way we were going there. My father could be a very obstinate man and he certainly got the better of customs on that occasion."

After the war the Doreys returned and started rebuilding the firm. Peter Dorey spent spells in London, Copenhagen and Oslo, learning the shipping business, and joined his father in 1951. It was 12 years later before he succeeded his father as chairman of Onesimus Dorey and Sons, the parent company and in the 18 years since he has not only continued the expansion of the firm, a private company, but also restructured it.

Determination

In 1964 he started Condor, with associates, to run a hydrofoil service and is proud of the part he has played in the success of the firm. Condor suffered a loss of £250,000 and Dorey had to consider very seriously whether to pull out or go on.

But there is a streak of Onesimus in his make up and even though the company did not trade for nine months until March, 1968, the decision he made was proved right.

"Together with the determination of the man who never looked back after that point and the next year we took on another hydrofoil."

But there had been a tendency to diffuse effort. Services to Cherbourg, Granville, St. Malo and Jersey were reappraised and consolidated to create frequent services between St. Malo, Jersey, Guernsey, Sark and Alderney.

Administratively, the group was restructured in 1977, with Onesimus Dorey Holdings being set up as the parent company. Onesimus Dorey 1972 (later to be renamed Onesimus Dorey

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CONTINUED ON NEXT PAGE

THE CHANNEL ISLANDS III

Tighter controls in the financial sector

THE recent rapid growth of the offshore financial activities of the Channel Islands would appear to be a time for consolidation in both Jersey and Guernsey. In Jersey the situation in the number of new companies seems to be tapering off: the wake of the liquidation of a finance concern which had considerable head-start among the financial community, Guernsey is taking fresh life in the governing provisions of depositors.

Financial activities now run for just over 25 per cent of national income of Jersey rather than 25 per cent of Jersey and each island's contribution is highly concentrated in the need not to allow the sector to become too dominant in its economy. Each is acutely aware that the change of Government at Westminster could affect its island in the longer term if tax rates reduced in the UK—though optimists also believe that the ending of UK dividend tax or relaxation of exchange control would bring a benefit.

The number of new company registrations continued to rise in Jersey last year, though there is a subtle shift of emphasis: the rise was not nearly as high as in the previous year. Guernsey is also slightly down, but entirely by a change in the number of corporate tax companies (those which pay an annual fee of £300). The number of resident trading companies, which pay tax at the 20 per cent on their distributed profits, actually rose.

Jersey the shift of emphasis was that almost all the firms relating to local people sterling area residents fell by non-sterling area residents or overseas trading companies actually rose in number. Colin Powell, Jersey's economic advisor, comments: one of the main growth areas is in international loans that another sector on a long curve is trust business. In Jersey is now adopting a much stricter attitude towards banks. It has most of those banks and in an effort to prevent saturation of the market it probably in future allow in those from areas which not now represented—or at least not strongly represented. There have opened in the past months—Morgan Guaranty November, Banque Nationale Paris in May and Banco de Sao Paulo in March. There is now no one knocking on the door and while that door is not closed it will be more difficult to open as Jersey adopts a more pragmatic approach.

Change

This change of emphasis could now lead potential entrants to turn their attention to Guernsey. The income corporation tax, document duty and other company fees on that island increased by some 22 per cent last year and it looks as though this increase will continue. Over a third of the new companies formed last year were for non-residents of the island territories which, according to Mr. Alec Forty, Jersey's supervisor, demonstrates that the island's advantages of political stability, favourable tax structure and moderately priced efficient financial services were widely recognised internationally. One area where progress is slow is law reform. There has been a lot of talk on Jersey about reforming the structure of company law, which essentially dates back to 1811. Jersey's company law

remains largely structured on the basis of regulating the activities of the community of small businessmen, farmers and fishermen it once was. Eight years ago Mr. David Morgan, the island's former commercial relations officer, was asked to draw up a new code after a nasty run of bankruptcies. He spent some time drawing up draft recommendations but some of them ran into a lot of opposition. Particularly disliked were those which suggested that locally registered offshore companies should have at least one resident director answerable for its activities, that every company must maintain a register of beneficial owners and that companies should be dissolved if, after warning, they failed to make their annual returns within three months of the required date. Jersey decided to do things in a piecemeal way instead.

Proposals

A new trust law is probably near (within the next nine months it has been suggested) and a chattel bond law has been submitted to the appropriate committee. But the necessary rethink of company law remains on the shelf. Mr. Ken Lawson, managing director of New Guarantee Trust of Jersey, the only bank wholly owned and controlled on the island, believes there is need for a new insolvency law. "No one wants to make the law more complicated or to destroy traditional facilities about confidentiality, and this is probably why the Morgan proposals ran into such opposition. But there is a need for a more modern outlook combined with Jersey's traditional simplicity."

In Guernsey too the need to update laws is accepted. Mr. Forty reports that "considerable progress has been made in drafting legislation relating to the regulation of insurance business and to the creation of charges on personality. A number of other areas are also currently under review."

One of those areas under review is the law protecting depositors. This review started as a consequence of the failure of Barnett Christie Finance. Barnett Christie was refused permission to take further deposits at the end of 1976 but the ban was never publicly announced. Eventually the company was wound up with a deficiency of more than £1.6m and a liquidator appointed. The liquidator understood to have approached the banks on Guernsey in some form of rescue operation but was rebuffed, and there is some feeling within the financial community that the Protection of Depositors' Act did not operate all that well.

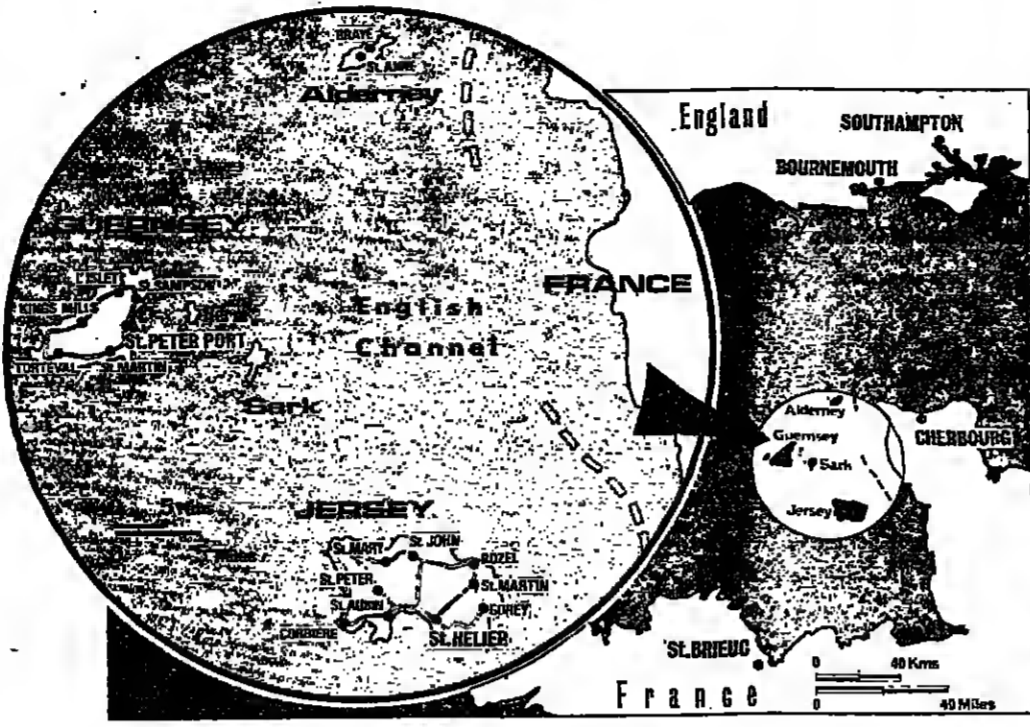
The advisory and finance committee's case is that if it had announced that Barnett Christie had been prevented from taking further deposits the whole financial structure of the island could have been hit. In January, however, the committee decided to publish any change in status or business of any deposit-taking institution or bank, which concedes the case of its critics.

Elsewhere, Guernsey continues to attract captive insurance companies (insurance companies are barred on Jersey) and in Jersey the Trustee Savings Banks have launched a gift fund for expatriate investors which while it will appeal primarily to non-UK residents should also have some interest for British pensioners.

Anthony Moreton

hydrofoil, an electronically stabilised vessel. But the hugh had not been worked out of the system, a nasty setback which cost the firm more than £500,000. Dorey reflects that manufacturing companies often tend to use operators as working research stations. Setbacks such as these have not stopped Dorey from pressing on in politics as well as business. It was a desire to serve the community which started him on the political road. He feels that too often politicians refer to having power, whereas the operative word should be "service." He would never admit it but it was in a way continuing his responsibilities as one of the "200 families."

To his contemporaries Peter Dorey is something of a loner. He has an instinctive deputy in 1969, in a by-election, ignoring for once the advice of his father never to go into politics. Six years later he was elected by his contemporaries to be one of the 12 Counsellors in the States, the island parliament. Two years later he was president of its leading committee. That sort of accolade is not lightly bestowed by politicians on their colleagues so it reflects the trust they have in him.



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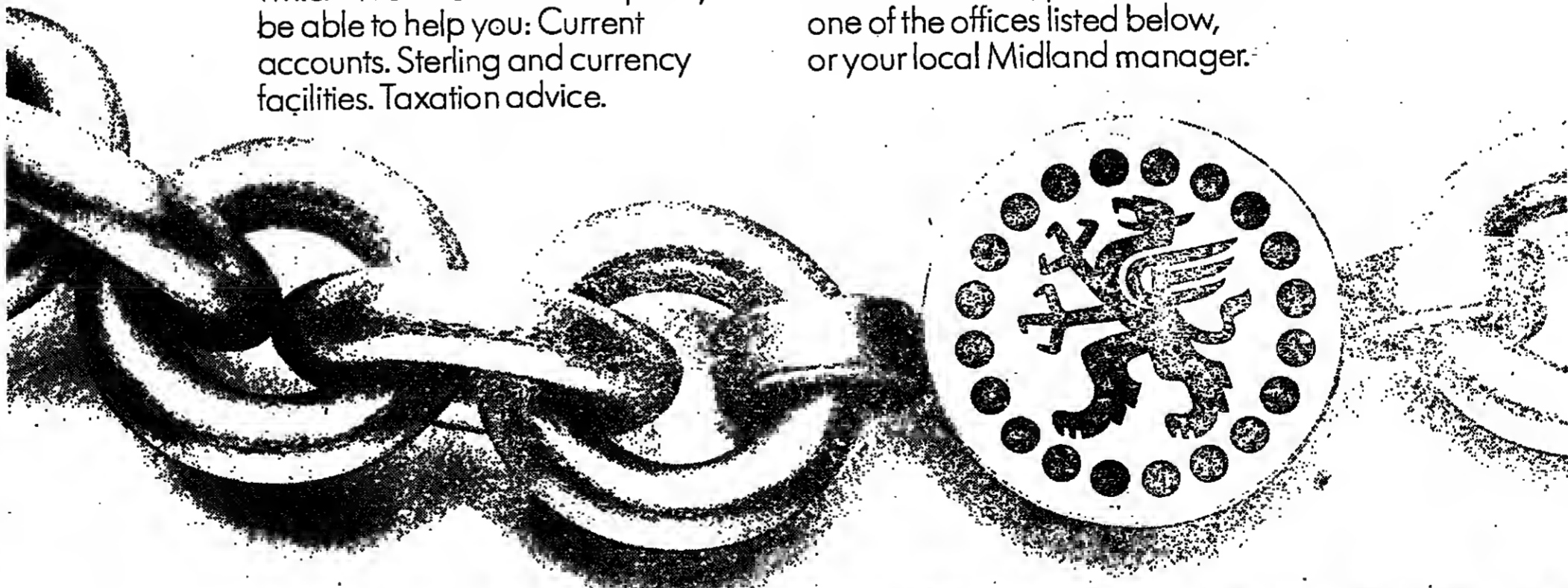
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THE CHANNEL ISLANDS IV

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GLASSHOUSE ROOFS shimmering in their hundreds remind the arriving air traveller that Guernsey is still very much a community that makes its living from the soil—or nowadays more accurately, from imported bags of peat.

About a sixth of all the tomatoes bought by the British housewife are grown on these 24 square miles, and the Guernsey Tom is available on the UK market for longer than any of its competitors.

The island also has a larger area of roses under glass than the whole of mainland Britain and exports substantial quantities of freesias, irises, carnations and other flowers.

But it is the "love apple," shunned as poisonous because of its scarlet skin when first marketed over a century ago, that has built those 950 acres of glass, and appropriately Guernsey has what must surely be the world's only tomato museum.

At this time of the year the Guernsey Tomato Marketing Board, the efficient producer-controlled body that handles all exports, ships 350,000 to 400,000 six-kilogram trays across the Channel in a week. By the end of October about 50,000 tonnes will have been graded, inspected, palletised and shipped, mainly to the UK but also to France.

Tomato sales earned nearly £25m for Guernsey last year, and horticultural exports as a whole about £35m—roughly equivalent to tourism revenue. In Jersey, by contrast, the value of horticultural and agricultural exports, at £15m, was only a sixth of tourism earnings.

Nevertheless it is the larger island that presents the traditional farming scene, with its fields of daffodils—almost a thing of the past in Guernsey—its French seasonal workers digging new potatoes, its outdoor tomato crop and cauliflower.

Jersey's agricultural output is far more varied than that of Guernsey and, encouraged by the demand for fresh produce from hoteliers and restaurateurs, locally grown vegetables

are more plentiful. New potatoes remain Jersey's main agricultural export, although in last year's poor potato season, with shipments well below the usual 40,000 tonnes, tomatoes nearly caught up.

Hydroponics—soilless growing in a nutrient solution—has been taken up enthusiastically by Jersey's glasshouse tomato growers, and this season 25-30 per cent of the 90-acre crop is being produced by this method.

Warming the nutrient solution, combined with lower night temperatures, is seen in Jersey as a promising means of saving on glasshouse heating—a problem which, because of the rising cost of oil and fears about its future availability, is currently preoccupying growers in the islands.

In Guernsey, where hydroponics is little used and tomatoes are grown in modules, troughs or pots of peat, double glazing, thermal blankets, root-warming and varying growing temperatures are some of the oil-saving methods being tried out.

Meanwhile, faced with oil price rises that could add over £1m to their production costs this season, leading Guernsey growers believe that within 20 years or less the island will have to go back to coal-fired boilers. There have been appeals in Guernsey for growers not to save on heating next winter by planting crops later, as this is seen as a serious threat to the March-to-October marketing pattern the island has built up.

Revenue

Under the Channel Islands' special relationship with the EEC, Guernsey and Jersey retain any revenue that accrues locally from the common external tariff, but do not benefit from Community subsidies. The only financial support Guernsey's tomato and flower growers receive is an investment grant of up to 20-22 per cent towards modernisation of their nurseries (or "vineries" as they are still called from the days when dessert grapes were the island crop).

The aim is to concentrate the industry into 850 acres of modern glass by the mid-1980s, and it reflects the confidence of local growers and their financial backers that the programme seems to be on target with 40 acres of new glass going up annually.

In Jersey the States subsidises the growers' advertising and also makes a bonus payment to those who market edible produce through one of four approved co-operative groups. Jersey has no central marketing organisation like Guernsey's tomato board, though recently there has been a renewed call for such a body. Over the years several



Girls pack carnations for export on a farm at St. Helier, Jersey

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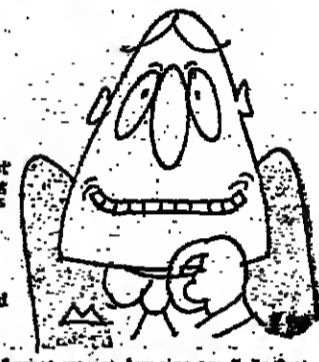
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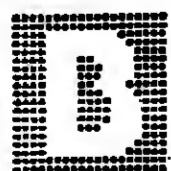
Produce at a tomato nursery in Guernsey

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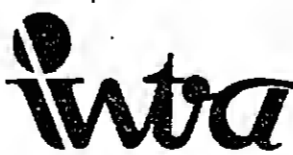
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THE CHANNEL ISLANDS V

Passionate islanders defend their identity

CHANNEL Islands are as many people imagine, a single unit, speaking with one voice. They are an archipelago, where each island defends its separate identity—right down to a tiny fishery with a resident population of seaweed-eating sheep.

Alderney and Sark, which have their own parliaments, are within the administrative jurisdiction of Guernsey, as do Jersey, Lihou and Herm.

Sark is responsible for the island, halfway to France, a former hermit Alphonse Castelins ruled over rabbits and sea-birds from 1961 to 1968 when he returned ungratefully to Jersey.

Alphonse is still pressurised for ownership. He says he has no jurisdiction over the island because it lies outside territorial waters.

His passion for independence has been a driving force in Alderney, which was fully evacuated before the operation and turned by the islanders into a concentration camp.

In 1948, under a tripartite agreement between the Home Office, Guernsey and Alderney to set the island back on its feet, Guernsey accepted financial responsibility for Alderney.

A new constitution was worked out for its parliament, making Alderney the most democratic in the Channel Islands. Today, there are 12 MPs headed by advocate Mr. Jon Kay-Mouat as the island's popularly elected President.

The island's economic recovery after the Occupation was remarkable, enabling it to take on some public services, such as water and roads, previously shouldered by Guernsey.

Jon Kay-Mouat says: "In the last 20 years we have only twice been in the red—and that for minimal loans."

Alderney is about 3½ miles long by 1½ miles wide, with a population of nearly 2,000. Almost two-thirds are settlers from the UK.

In March, 1977, the States of Alderney commissioned a £6,000 economic study from ICFNamas. The main fear was that

without an economic policy, the island could drift into debt, leading to greater dependence on Guernsey and restriction of Alderney's freedom.

In August the same year, the finance committee produced a draft policy based on the report. Among main recommendations was that Alderney should aim to take over from Guernsey all departments of government that could be run locally to better advantage.

Income tax, it was advised, should remain at the same level as Guernsey's. But Alderney would benefit from the right to levy its own rate of local duties and from not being bound by the same social service commitments as Guernsey, with a population of 54,000.

Encourage

The number of elderly retired settlers and the drift away of young islanders unable to find work has been a problem for some time. Introduction of work permits (Alderney is the only Channel Isle to have done so) has helped minimise unemployment, but the Finance Committee wants encouragement of light industry employment up to around 20.

The Committee is also seeking to ensure that in future newcomers are of economic and other value to the island and not a drain on medical and hospital services.

To this end, Alderney's parliament approved last May proposals that geriatric patients at the island's hospital who had

been island residents for under 10 years should pay the full rate for services.

While Alderney is working out a blueprint for prosperity and greater independence, the 20th century is beginning to hatter at the walls of Sark, last bastion of feudalism in the world.

Roughly the same size as Alderney, Sark is a complete contrast, with a hereditary feudal ruler and a population of about 540. Its parliament of Chief Pleas has changed little since 1866, when Heller de Carteret, the first Seigneur, came from Jersey with 40 families to colonise the island.

Sark has always been self-supporting and enjoys greater independence from Guernsey, only nine miles away. Drinks and cigarettes are the cheapest in the Channel Isles.

Famous for its ban on cars, the island has a traffic problem—tractors. Thwarted motorists, particularly the wealthy settlers, use them freely for getting around the island's dusty, unmade roads.

Legislation has been introduced gradually to limit the number of tractors and curtail their use.

Sark has no income tax and no social services, the only direct tax being the "quarter"—sometimes nicknamed "the guess"—tax. It is levied on the basis of the number of rooms. This is now being changed to the floor area, which is felt to be fairer.

But the tax, at present 50p a

quarter, also takes into account a resident's capital—hence the guesswork. Disgruntled inhabitants who think they are being unfairly taxed must swear an oath in Sark's court that they are not worth as much as was supposed.

The money is used to subsidise those in need. Single people can draw £16 a week.

Says Mr. Hilary Carr, Seigneur of Sark: "No doubtless have applied for relief lately, so we have not worked out what they would receive."

Keeping to Mr. Micawber's recipe for happiness is essential budgeting for Sark, which has an income of some £70,000 and spends about the same. As a mini-country investor, inflation over the past five years has eroded reserves, which stand at about £55,000.

The Seigneur is Mr. Michael Beaumont, grandson of the late Dame Sihal Hathaway. He thinks that the main problem is to maintain a thriving tourist industry without spoiling the island's character and tranquillity.

At Herm, the small isle three miles off St. Peter Port that belongs to Guernsey, Major Peter Wood and his wife, Jenny, have succeeded in establishing a booming tourist trade without detracting from a treasure island charm and natural beauty.

The couple are celebrating the 30th year of their tenancy. When they arrived in 1949, the island was wild and neglected, and the White House Hotel took 20 guests.

Today, it accommodates 91 and Herm attracts some 80,000 day visitors a year. In addition, the Woods have established a dairy farm with the largest milking herd in the Bailiwick and also a little community of 12 resident families.

Herm's neighbour, Jethou, is Crown property. The lease was bought for £90,000 in 1971 by Sir Charles Hayward, the millionaire philanthropist who was formerly chairman of Firth-Cleveland. Sir Charles and Lady Hayward now occupy it as their private island.

Also Crown property is 50-acre Lihou, just off Guernsey's west coast, which is joined to the mainland at low tide by a cobbled causeway. Its tenant since 1958 has been Colonel Patrick Wootton, a farmer and landowner living in Guernsey.

He has built a house on Lihou to which he and his wife intend to retire, but at the moment he is fighting off a claim to the island by the parish of St. Peter's.

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Energy thrift essential

EVER SINCE the fuel crisis of 1974 energy conservation has assumed increasing importance in the Channel Islands. Dependent as they are on imported oil—and likely to remain so for many years to come—the island economies are especially sensitive to oil price rises and supply problems.

Authorities in Jersey and Guernsey which have been studying the situation for some time agree that although alternatives must be constantly reviewed, conservation is the only policy that makes sense at present. However, while the major users of imported oil have introduced a number of economy measures—and continue to research new—there are signs that the conservation message has not yet got through to the population at large.

Demand for gas and electricity increased during 1977 and 1978. Some of this increase was attributable to the bad weather and some to the increase in consumers. Nevertheless, a proportion is blamed on inefficient space and hot water systems and on poor insulation. The latter defect is roughly estimated to cost Guernsey alone at least £500,000 a year. There are those in both Jersey and Guernsey who believe that real progress will be made towards reducing such waste until tougher building regulations are introduced.

Accusations of waste are also being made against private motorists, whose petrol—because of lower local import duties—is cheaper than on the mainland and on whom there are no restraints. It is a fact that the vehicle populations of both Jersey and Guernsey are, per capita and per road mile, among the highest in the world.

Recent pleas to introduce traffic curbs, which in Guernsey include the idea of a carless Sunday afternoon every month, have so far been resisted by the island governments on the grounds that limits on vehicle ownership, size or use are neither necessary nor politically acceptable.

The conservation argument, however, is expected to strengthen the hand of environmentalists—and some motorists themselves—who claim that the pressure on road and parking space is becoming intolerable.

Guernsey's official policy of conservation is the responsibility of a special sub-committee of the island Parliament set up in April 1978. In a report this March it called for a commitment for every islander to reduce waste and has itself instituted a survey of the cost and efficiency of heating systems in all public buildings, including schools.

Jersey's sub-committee on energy is chaired by Senator John de Carteret and has links with the South West Energy Group based at Exeter University that also has representatives from the Devon and Cornwall County Councils, Plymouth Polytechnic and the Camborne School of Mines. Senator de Carteret, who has been among local politicians to agitate for traffic curbs, claims: "There is an awful lot of wasted energy in Jersey at

present." His committee is due to present a major report to the island Parliament later this year.

Substantial users of imported oil who have been at the sharp end of continual price increases have needed little urging to improve their efficiency. Guernsey's horticultural growers, for example, with nearly 900 acres of heated commercial greenhouses, hope to achieve substantial savings by introducing new day and night temperature regimes and thermal blankets.

In 1976-77 the privately owned Jersey and Guernsey gas companies introduced new production plants, increasing efficiency to 98 per cent and slashing up to 10 per cent off their LPG costs. They supply their consumers with a butane/air mixture—a substitute for natural gas.

The Guernsey Gas Light Company is also involved in selling, through its group, insulation materials and expertise, and is in the early stage of introducing solar hot water heating systems—as indeed are a number of other private companies in the islands.

Alternative

Mr. John Morris, managing director of the company, believes that solar heating could come into its own by providing hotels with alternative heating for swimming pools and hot-water systems as the period of their maximum demand falls in the summer months.

Guernsey's Electricity Board, which is State-owned, is installing more efficient generating plants in the form of slow speed two-stroke diesels, the first of which comes into operation this autumn. It will also give the Board more flexibility in the use of feedstock.

Heat from the generating process hitherto wasted is to be used to space heat the Board's new premises and the idea of piping more heat to nearby consumers is being studied—as is the use of coal as a feedstock.

In Jersey an experimental solar hot water heating system is to be installed at an island hospital, and the Resources Recovery Board, which is responsible for sewerage and refuse disposal, is already self-sufficient in electricity.

Developments elsewhere into alternative energy from the sun, wind, tide, waves, etc., are being closely monitored and even the remote possibility of an ultimate switch to a "mini" nuclear power station has been looked at. The costs and practicalities of plugging, by submarine cable, into the French or UK electricity systems have been examined.

The French are after all planning to build a large nuclear power station at Flamanville on the nearby Normandy coast. And despite opposition from French and island environmentalists—and fears of a Harrisburg-type incident—it seems certain, given the French commitment to nuclear power, that the project will go ahead.

Robert Baker

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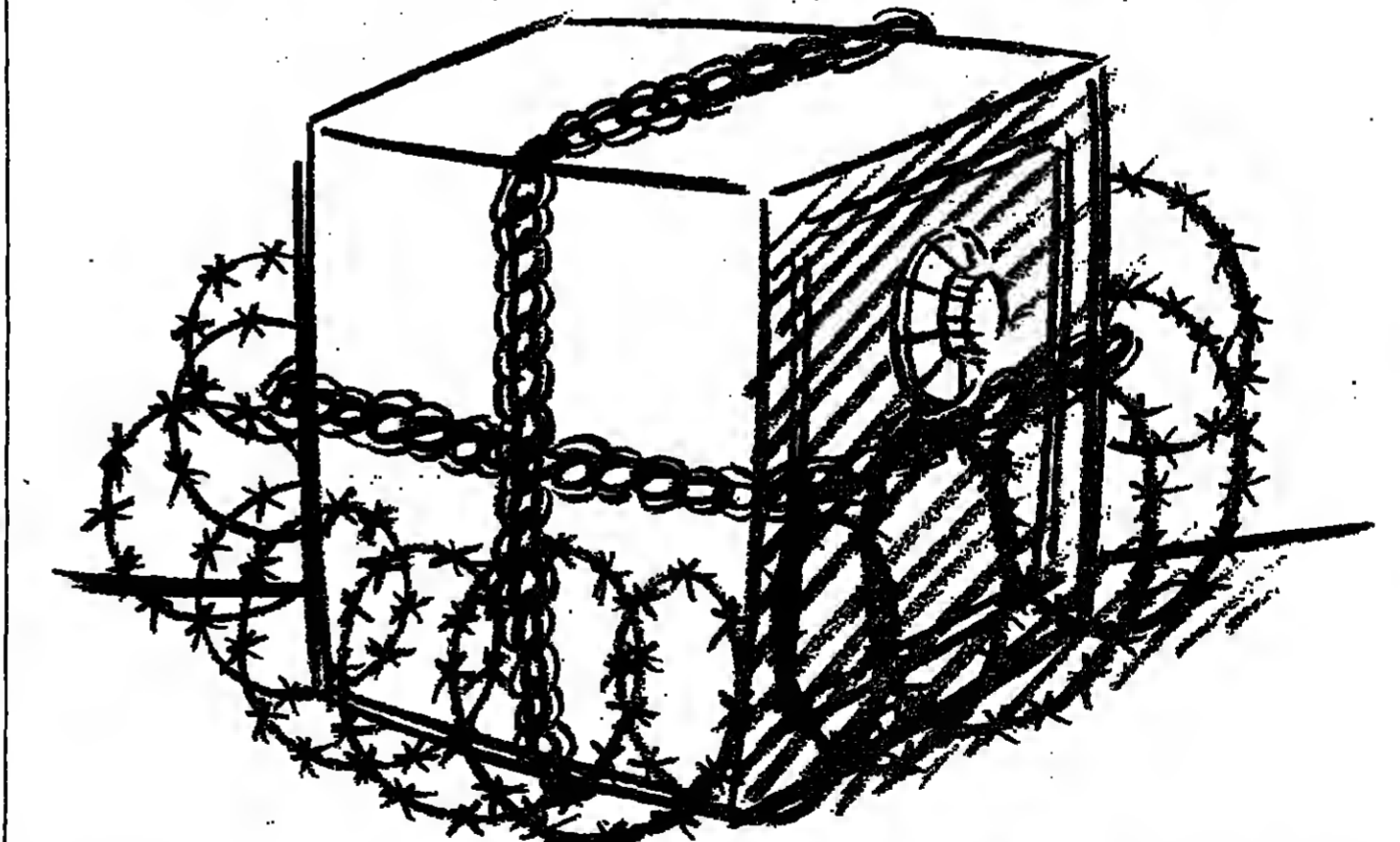
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THE CHANNEL ISLANDS VI Tourists flock from Continent

CHANNEL ISLANDS hoteliers look as if they are going to enjoy the best of both worlds this season—a recovery in their UK market and a record number of continental visitors.

For the British (slightly disillusioned, local bottlers think, with Mediterranean holidays) the islands seem to be reasserting their traditional appeal as a clean, safe, friendly bit of "abroad," where low duties and freedom from VAT go along with English money, good beer and favourite TV serials.

"I think the reputation we have built up for reliability and service—something no longer associated to the same extent with some of our Mediterranean competitors—is paying off this year," says Mr. Leslie Rebindaine, chief executive of Jersey's Tourism Committee.

Also paying off are the efforts of Jersey and Guernsey to make themselves better known on the Continent, not just in nearby France, but in Belgium, Holland, Germany and even Scandinavia.

The Continentals have discovered the islands as a quaint, pleasantly unspoilt English nation very good value in their currencies and no longer difficult to reach.

Scheduled or charter flights are coming into Jersey this summer from all over Northern Europe, while Guernsey is now served by a Dutch airline, NLM. "We could never have foreseen a few years ago that we would be in such a strong position in Holland as to have a Dutch airline flying here direct," says Mr. Michael Walden, Guernsey's director of tourism.

A recent survey showed that about 165,000 of Jersey's 786,000 staying visitors came from outside the UK, and in addition there are upwards of 150,000 French day trippers. Guernsey has no check on its percentage of Continental visitors, as most of them pass through immigration in Britain

or Jersey, but the figure is thought to be nearly 20 per cent.

In return for the £1m they are spending on publicity this year, the Channel Islands should earn well over £120m from tourism—earnings that spread right through the community to small shopkeepers, building workers and dairy farmers.

A party from the English Tourist Board that visited Jersey and Guernsey last month to study this thriving offshore scene was especially interested in the islands' system of hotel registration, inspection and grading, to force new and suspiciously grading system is accepted today by island hoteliers as a good discipline for themselves as well as good for the customer.

Standards

Jersey and Guernsey both lay down detailed standards for each grade of hotel and guest house, covering everything from the size of bedrooms and percentage of private bathrooms to the furniture and fittings. Since 1969 Guernsey has also applied the system to self-catering accommodation, which provides some 20 per cent of the smaller island's tourist beds but hardly exists as yet in Jersey.

Besides serving as a consumer guide, and effectively keeping hotel tariffs in line with the amenities offered, grading, by progressively raising standards, has enabled the island authorities to ensure that the industry ploughs back profits into improvements. Many millions of pounds have been spent on hotel modernisation in recent years, and among big schemes in the offing are a £2m reconstruction of the Pomme d'Or Hotel in St. Helier, due to

start in the autumn.

Most hotels in the islands started life as large private houses, and a 225-bedroom unit to be opened in Jersey in about two years time by one of the island's brewer companies will be the first large tourist hotel to be built from scratch.

In spite of hotel extensions, the number of registered tourist beds has remained fairly static at around 25,000 in Jersey and 12,800 in Guernsey, because many smaller guest houses have closed.

For environmental reasons the islands do not want to see any marked increase and are looking for future expansion of tourist revenue to a longer season and more winter traffic, particularly conference business.

Guernsey's Tourist Committee would, however, like to see one more top-grade hotel opened to cater for the conference trade, which has developed better than anyone hoped in the 18 months since the island—backed by its new Beau Séjour leisure centre—moved seriously into this market. In Jersey conference facilities have just been extended by the opening of a 2,000-seat ball at the island's £5m Fort Regent leisure centre.

Among the smaller islands, Alderney is the only one likely to see any significant tourist development.

Sark able to attract 80,000 to 90,000 day visitors and tourists with the simplest of amenities (though some surprisingly good restaurants), has little incentive to develop.

Herm, Guernsey's offshore playground, has probably as much accommodation, with a 60-bed hotel and self-catering cottages, as goes comfortably into an island that depends on its unspoilt "fairland" appeal.

Alderney, however, is still nearly 200 short of the 1,000 beds considered to be economic

ally desirable, and according to the chairman of the tourism committee, Mr. Roger Lees, there are a number of people, including outside companies, who see the island as "ripe for development." At least three projects are currently before the island authorities, two of them involving conversion of 19th-century forts and another for a hotel and large marina. But local opinion is very divided about doing anything to change the island's quiet, leisurely character, and as Mr. Lees puts it, Alderney has "some major decisions to take."

A marketing problem for the Channel Islands in recent years has been the rising cost of air travel from the UK (£59 return from London at weekends this summer, and £77 from Manchester). This has already resulted in a swing back from air to sea travel, especially with Sealink now running car ferries to Guernsey and Jersey from both Weymouth and Portsmouth.

The airlines have countered this year with a variety of discount fares for early and late bookers, old-age pensioners and family groups. In addition, regular charter flights are being operated to Jersey for the first time from a number of UK airports—a notable change of policy since in the past Jersey's authorities, like Guernsey's, have opposed charters from Britain for fear of damaging their year-round scheduled services.

Faced with the prospect of continuing to lose holiday traffic from the north of England and Scotland unless travel costs can be cut, the islands are no longer against charter flights from airports north of Manchester. The question now is how far they will be able to keep their "life-line" air links with the mainland if charter operations grow. Guernsey, which has only about 20 per cent of package tour traffic against Jersey's 50 per cent, clearly has misgivings on this score and would prefer on the whole to see cheaper tourist fares on scheduled routes.

Meanwhile, with hotels, guest houses and holiday apartments well booked and the islands filling up with tourists, trippers and yachtsmen of a dozen nationalities, there are not likely to be too many grumbles this year.

But Guernsey's tourism director, Mr. Walden, is anxious that the industry should not be too complacent about the situation with uncertainties such as the possibility of an international energy crisis looming ahead. "This year's success could be the lull before the difficulties start. I am not being pessimistic, only realistic, because I believe we will have to be competitive as never before in the 1980s."

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Philatelic bonanza

THE IDEA of having and running their own independent Post Office has long appealed to many of the 2,000 inhabitants of Alderney, the northernmost and one of the smallest of the Channel Islands.

Such an institution, they believe, would not only enhance the island's status as a largely self-governing community but provide, through philately, welcome and probably substantial extra revenue.

There would also be new jobs and career prospects for about 30 islanders and publicity benefits for the local tourism industry. There might even be speedier postal services.

With all this at stake it is little wonder that some islanders believe it might almost be worth declaring a full UDI against Guernsey—Alderney's administrative and financial mentor since 1948.

But this year the dream of an independent Alderney Post Office has come a step nearer reality with the completion of a report, commissioned by the tiny island's 13-member parliament, into the project's feasibility.

Prepared by a team from the UK Post Office, the report appears to confirm that Alderney—which has no international finance or light industries like Guernsey and Jersey—could benefit financially, and in other ways, from running its own mails.

As a result the Alderney parliament has charged its Finance Committee to open negotiations with Whitehall, and Guernsey's Post Office Board that has been operating Alderney's services since October, 1969, when both Guernsey and Jersey became postally independent of the UK.

No one on either side denies that the negotiations will be anything but hard and long because the Guernsey Board, which holds the Ballivick mail monopoly, has so far resisted the idea of a separate Alderney operation.

It fears that philatelists would lose interest in Channel Islands stamps if a third stamp-issuing island emerged.

Further, giving way to Alderney might lead to awkward demands for special treatment from the other islands in Guernsey's Bailiwick, in particular Sark with 580 inhabitants. It is a fact that before 1969 entrepreneurs in Alderney, Herm, Brechou, Jethou and Lihou all issued their own carriage labels, stamps for private operations, businesses which were swiftly outlawed when the Guernsey Post Office came into being.

Mr. John Winckworth, Alderney Deputy and chairman of the Finance Committee, estimates that it could be two years before his islanders are "looking at their own stamps" and points out that the UK Post Office report found no evidence that Guernsey's and Jersey's philatelic businesses would suffer if Alderney began issuing stamps and that "the converse might apply."

There is little doubt, however, that since gaining postal independence 10 years ago Jersey and Guernsey have profited considerably from their state-run philatelic businesses.

Jersey's Philatelic Bureau, which has 42,000 account customers, makes annual profits of about £900,000 and Guernsey's, with 38,000 account customers, about £400,000. Since 1969 Guernsey's total philatelic profits alone total more than £3.5m of which more than £3m has been funnelled into the island government's general revenues. A high percentage of the income is from non-Sterling areas.

Much of the success of their philatelic operations is attributed to "conservative" stamp-issuing policies—infrequent productions of definitive stamps, and the limiting of commemorative sets to no more than three or four a year, usually of low face values.

In addition, the Island Post Offices have concentrated on producing attractive stamps on a host of different themes— including art, history, marine life and agriculture—and on promoting them, alongside those of the larger stamp-issuing nations, at international exhibitions and through selected experienced agents.

This year's Guernsey commemorative stamps will include special issue on October 1 to mark the tenth anniversary of postal independence. The set of four will depict: 6p—the Philatelic Bureau and Head Post Office; 8p—mails and telegram operations; 15p—parcels operations; 15p—philatelic operations. There will also be special souvenir mini-sheets.

Jersey, which has decided not to celebrate in stamps any anniversary before its 25th, is restricting itself to special cancellations October 1-6, also marking UPU Day; souvenir postcards; and an Open Day with a philatelic cancellation, October 9.

All kinds of collectors, whether specialists in first day covers, postage dues, hand-stamps, or booklets, are catered for by the Philatelic Bureaux whose staff produce regular new bulletins and Press releases.

Sets of island stamps issued a few years ago with face values of only a few shillings now cost many pounds to buy from dealers. Complete collections of Jersey and Guernsey stamps, dating from October 1969, and with face values of under £50 each, now cost nearly £300 apiece.

Robert Baker

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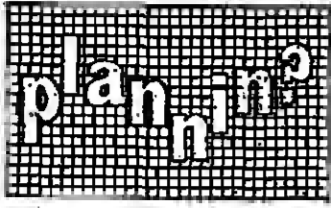
THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

After Wednesday's introduction to our series on planning, two practitioners chart the 'failure' of many systems since the 1973 oil crisis

Corporate strategy in the wilderness

IN the booming sixties, economic growth was a fact of life and profits were to reap, most companies keen to look at least five years ahead. Now, because the economic environment is so taut, the prevailing mood is of extreme caution, and average businessmen's horizons are much shorter, often only six to 12 months ahead.



it would lead to growth, probably through acquisition; and big was beautiful. But many companies lived—some only just—to regret their expansion into areas they knew so little about; many of those which limited expansion to known areas of expertise survived the recession better when it came.

—only to find the economy never catches up with you. Essentially it is about insuring the survival of a business, and this involves only a few fundamental concepts:

Long range planning, by its very nature, is not necessary at all times. It is necessary when the economic environment is so taut, the prevailing mood is of extreme caution, and average businessmen's horizons are much shorter, often only six to 12 months ahead.

But planning is by no means just about forecasting; that is only one adjunct of the process. The Chinese would claim that it is always necessary to think the unthinkable; clearly the planners did not. Is a technique to be condemned for the failure of individuals to use it properly?

A direct result was a disillusionment with long range planning as an effective management tool; it had failed to live up to its promise. One example of the dissatisfaction with planning was the complaint that all too often the end product of the planning process—the five-year plan—very quickly became out-of-date, overtaken by events.

1. A long term horizon in order to give a broader perspective to decisions which have to be made today.

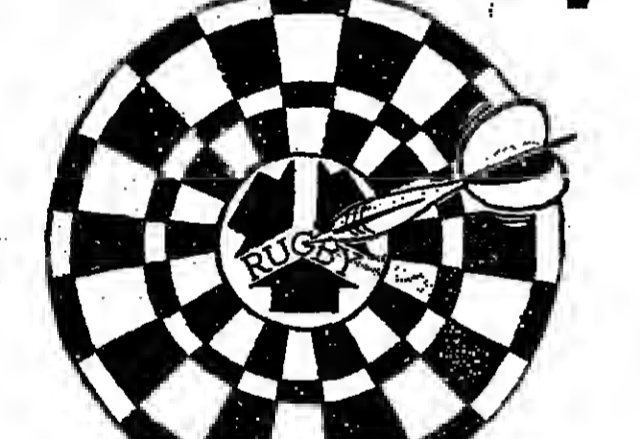
The order of the day was diversification, since it was claimed that this would not only reduce overall risk by spreading the company's activities over a broader range of products, but

Long-range planning first became trendy in the 1960s, when fashionable business schools promoted "quantitative decision-making techniques." Planning was the embodiment of the new "sophisticated" approach to management which was recognised to be essential, not only to the managing of increasingly complex businesses, but as the platform from which staid and stuffy companies could break out of their historic strait-jackets and become broader-based and more aggressive.

2. An attempt always to minimize risk in the market place. In other words, simply to delay making investments does not in itself reduce the business risk—it may increase it. The perceived need to maintain a strong balance sheet will often force companies into short-sighted decisions which may aggravate their long term financial position. It is the market which should determine the appropriate timing of investments, and equally, divestments.

3. An attempt to maximize the flexibility of the organisation—including the people in it—and thereby minimise the response time to external changes.

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Blame managers, not the system

uncertainty of basic assumptions was ignored. By contrast, witness the speed with which many corporate plans were re-examined at the beginning of this year in order to check oil price assumptions. Equally, the success of those years suggested "good things" ahead—rapidly improving standards of living in the developed countries and positive efforts to raise them significantly elsewhere. Permitting everything was "growth". A cardinal concept of planning became overlooked, both by planners and top management—"vulnerability," arguably the most critical part of planning thinking, virtually departed from the planning vocabulary.

Together with this frequently went a lack of awareness of the real disciplines that form some of the essentials of successful planning. The "cult of the humb" still existed—the belief that intuition or "gut feeling" based on solid experience was paramount. That it is important no-one would deny, but in too many cases it was allowed to reject and override the warnings that many planning systems were flashing. Much of the rejection was emotive, a refusal to recognise that change could come so quickly or that long-held beliefs could so rapidly be destroyed.

made since 1974. For a start, most organisations survived and today the majority have stronger and more realistic management teams. Their realism is apparent in two main areas. First, there is greater understanding of the pace of change; the change may be technological or social but it is now accepted that "change" (probably at an accelerating rate) has an impact on all our assumptions about the future—thus an organisation's ability to adapt to new circumstances becomes even more important. Secondly, the fragility of many planning assumptions is recognised. Plans are prepared so that their varying probabilities can be demonstrated easily and facilities normally exist for changing them more rapidly; the various "what if" models are an example of this.

There were other ways in which the characteristics and performance of the planners caused problems. The rapid growth of many planning departments had left them exposed; frequently staffed by highly-qualified but relatively young men with their own systems and jargon, they did not do enough to cultivate close contact with the rest of the organisation. As a result, they were perceived as a classic head office staff function of the worst type, resented and often scornfully ignored.

While the technical sophistication of the planning systems increased, there was no similar



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Advertisement for Nationale-Nederlanden medium term loans. Includes a large 'N' logo. Text: "NATIONALE-NEDERLANDEN. US \$ 120.000.000,- Dfls 212.000.000,- MEDIUM TERM LOANS. ARRANGED BY ALGEMENE BANK NEDERLAND N.V. AMSTERDAM-ROTTERDAM BANK N.V. PROVIDED BY ALGEMENE BANK NEDERLAND N.V. AMSTERDAM-ROTTERDAM BANK N.V. CENTRALE RABOBANK CURAÇAO N.V. NEDERLANDSCHE MIDDENSTANDBANK NV Curaçao Branch. DEUTSCHE BANK COMPAGNIE FINANCIÈRE LUXEMBOURG SWISS BANK CORPORATION (INTERNATIONAL) LTD. BANK BRUSSEL LAMBERT NV THE CONNECTICUT BANK AND TRUST COMPANY. THE FIRST NATIONAL BANK OF CHICAGO SLAVENBURG OVERSEAS BANKING CORPORATION SOCIÉTÉ DES BANQUES S.G. WARBURG ET LEU Société Anonyme. CO-ORDINATOR AMSTERDAM-ROTTERDAM BANK N.V. AGENT ALGEMENE BANK NEDERLAND N.V. 12th June, 1979.

Planning is often about making the even harder decision of divestment, so that the company can concentrate on areas where it has strengths and ensure that weaknesses are eliminated.

In uncertain economic environments the marginal investments that could be carried in growth markets can no longer be tolerated. But a divestment decision must have a long term horizon, just as an investment decision does; the danger in taking short term views is that the essential decisions are often put off till the next year, when in fact decisions should be made immediately.

All of which emphasises it is the timing of decisions which is crucial, and that they must be taken against a long-term perspective. If Shell had not brought forward the investment because of government incentives, but had waited until it was justified by market considerations, the problem might not have arisen. It is in the market place that the final risk lies, and grants do not change the market.

Apart from the "failure" of long-range planning to pilot companies through the recession and the more underlying problems discussed in the article below (check), one of the reasons for its demise has been the mistaken assumption that it must necessarily involve decisions about new investments; in the present climate few managers feel sufficiently confident to take these decisions particularly when many companies are already operating in markets where there is significant overcapacity.

Ron Emerson is an Assistant Vice President of Bank of America, dealing particularly with major industrial accounts. He previously worked as a corporate planner for several industrial companies.

Derek Wynne-Jones is Head of the Planning and Strategy Division of P.I. Management Consultants.

Friday June 29 1979

Rolls-Royce engines need more public aid

By RICHARD LAMBERT, Financial Editor

Confronting a split cartel

THE OPEC meeting in Geneva has produced not one but two important results. It has of course produced a further substantial rise in the price of oil, which will probably average about 15 per cent. It has also, however, revealed the depth of the policy split which has reappeared among the members of OPEC. In this situation firm action by the oil-producing countries to reduce oil demand has a substantially better chance than it would otherwise have of checking a potentially disastrous slide into renewed inflationary recession.

The impact of the present agreement, which will be reviewed after only three months, should be an adequate warning of the results of inaction. The wide-spread physical shortages of recent months, despite substantial price increases, meant that a further rise in negotiated prices was inevitable. The actual rise agreed, between \$18 and \$23.50, is likely to reduce world growth, already well below its trend, by a further half per cent or more, and the growth of world trade by nearer a full point.

Cost pressures

The impact in the UK will not be so much through the oil account—where a small near-term worsening of the current balance will be offset by an enlarged long-term gain—as through the weakening of world markets. The official forecast of a 5½ per cent volume growth of exports looks more than ever over-optimistic. UK output is already expected to fall by 1 per cent; the prospective recession now looks more certain.

Rising oil prices will also, of course, add to other cost pressures. After the much bigger oil price increase of 1973, consuming countries on the whole tried to offset the deflationary impact through fiscal policy. This time there is a greater inclination to follow the advice Mrs. Thatcher has offered in Tokyo and accept the fact of a loss of real national income. The present road is therefore likely to be more depressing to activity but rather less inflationary than was the case in 1973, having regard to the smaller percentages involved. It represents both a deepening determination to reduce recent inflation rates before they become built into the industrialised way of life, and a passive admission that growth is for the moment oil-constrained.

Unpopular steps

The consuming countries, then, should not wait for long-term results. If we are to help our friends to help us, immediate steps not just to stabilise, but to reduce oil imports would be the most effective way to stop an endless repetition of the events of the last six months. This may involve unpopular steps by way of taxation, speed and other consumption limits; but some small sacrifice in comfort and mobility would be a small price to prevent the present situation getting even worse.

An unfair way to tax

POLITICAL SEX appeal is not a prominent feature of double-taxation agreements. But the UK-US tax treaty, which is currently generating considerable controversy in Parliament, harbours a political issue within the fiscal context, which is of vital concern to business and trade all over the world. This is whether individual American state governments should be able to impose arbitrary and inequitable taxes on British companies operating within their boundaries, while the British subsidiaries of their own corporations enjoy the full protection of a treaty between the Federal Government and the United Kingdom.

Clause deleted

The British Government will be right if it gives a frosty reception to the treaty as amended by the U.S. Senate, which has deleted a crucial clause concerning the "unitary" system of taxation adopted by California and other states. The original draft treaty sought to exempt British companies from unitary taxation, under which international companies are taxed not on their local profits, but on a proportion of their world-wide earnings.

Britain should refuse to ratify the treaty, at least for the moment, because of the cost of unitary taxation to British companies, which could be about \$50m a year. The immediate gain to a handful of British companies if unitary taxation were lifted would almost certainly be less than the loss to other companies, in particular insurance concerns, if the treaty remains unratified. The reason for stalling on the treaty is the longer-term one that the Senate appears to have over-riden principles of political equity in pursuit of narrow political gains, in a way that is inimical to international business.

Unitary taxation is unfair in principle because the method that each tax authority adopts to calculate the proportion of worldwide income which is taxed in its own jurisdiction tends to be the one most favourable to itself. In California, for example, the proportion of worldwide pay roll features prominently in the calculation, largely because labour costs in

IN COMMERCIAL terms, Rolls-Royce has achieved a startling success over the last 18 months. In the face of the keenest international competition, it has been selected as manufacturer of the launch engine for the new Boeing 747 aircraft, for which there is an anticipated world market of 2,000. Two major national flag carriers, Pan American and Qantas, have ordered for the first time aircraft powered by its RB-211 engines. In 1978, the group negotiated deals which should bring in £2bn of revenue over the next decade, and further big orders are in the offing.

Cash flow problem

The expansion in sales is likely to have a disproportionate effect on working capital, which at the net level amounted to just over £200m last December. To just over the increasing proportion of big civil jet engines in the output figures. These take over two years to produce, and do not bring with them the kind of progress payments that can normally be picked up on military work for the UK Government.

Contracting business

For much of this period, however, the business has been contracting in real terms. For instance, net working capital in 1978 was about a tenth lower than in 1975. From now on, output is likely to shoot ahead. Sales this year could rise from £783m to almost £1bn and by 1983—when the recent high order book will be pouring off the production line—annual sales should be up to around £2bn.

Well placed for battle

United Technologies, the parent of Pratt and Whitney, is no quite in this league yet. It is still a giant company by most standards. Its sales of aircraft jet engines and spares last year totalled nearly \$3bn, two-fifths of which went to the U.S. Government.

Workforce stability

To stay in the game, however, Rolls-Royce is going to need a considerable increase in productivity. Although the make-up of its workforce may be rather different in five years' time, with a greater emphasis on direct rather than administrative labour, Sir Kenneth Keith hopes that the overall numbers will not be much changed. Nor does the group plan an enormous increase in its manufacturing facilities. Existing plant will be loaded to capacity and more work will be handed out to subcontractors which will be among the big beneficiaries of the much increased workload.

Rolls-Royce and the National Enterprise Board believe that the expanded business will be capable of generating large profits in the latter half of the 1980s. The contrary view, the notorious Treasury analysis leaked in February, is firmly decreed on all sides: it purported



Sir Kenneth Keith, chairman of Rolls-Royce, and Mr. "Tex" Bouillon, President of Boeing, announcing Boeing's adoption of the RB211-535 engine.

to end in a few years' time. Down the line, for instance, is the RB-432 which, if resources permit, could be developed to power a 130-seater aircraft in the mid 1980s.

A large part of the answer lies with the competition. To secure its big orders, Rolls-Royce is having to compete against the subsidiaries of two U.S. companies of awesome financial strength, whose jet engine turnovers are strongly supported by U.S. government business. General Electric has shareholders' funds of more than \$8.5bn, and jet engines account for just a part of one division which in turn represents less than a quarter of group sales. Aerospace earnings last year were squeezed by rising development costs—but the impact on the bottom line was imperceptible.

Remaining in State hands

"If you ask me what we could do when the exchange rate is normal, I could see a period in the late 1980s when we could make profits of £100m plus," says Sir Kenneth. "But this exchange rate has taken me by surprise, as it has everyone else."

Over the medium term, there is no question that Rolls-Royce will have to stay in State hands, either as a subsidiary of the National Enterprise Board, as at present, or reporting directly to the Department of Industry. Sir Kenneth's views on the NEB as presently constituted are well known. He thinks it is irrelevant, and will either have to be revamped or abolished—"I don't give a damn which."

As for the longer term, Sir Kenneth speculates that by the middle of the next decade the group might be so profitable that it could be merged with a private sector company of similar size or bigger. That would help to smooth out the big cyclical swings of the gas turbine business. It would also mean that the benefits of its technology could be spread across to other activities, as happens already at GE and United Technologies.

But there can only be a tiny handful of UK companies with a big enough balance sheet to absorb the Rolls-Royce business. And at today's exchange rates, the idea sounds more like a pipedream than a practical possibility.

MEN AND MATTERS

Speaking out for the professor

Tanzanians "are not to be trusted," and that his father was being prevented from boarding a plane to London until he agreed to sign a document formally renouncing the Ugandan presidency.

Playing it again

The clearing banks are much exercised at the moment over news that 1.25m "wonder pens" are about to be washed on the UK market. The wonder pens, already selling well in the U.S., contain ink which can be rubbed out like a pencil. In short, the pen is to the fraudster what the jemmy is to the bank robber.

Leakage of funds

A long-overdue look at those better-established of the nation's Quangoes, the water authorities, goes out on the air on Sunday night, the first of a series of Radio 4 investigative programmes presented by Roger Cook. Water authorities might not sound the most humorous of subjects, but there is a passage in this programme which some may find grotesquely funny. It is an interview recorded in a pub run by the Thames Water Authority on Queen Mother reservoir, near Windsor Castle.

Phantom service

At a Hampshire bus station a reader received this reply to a request for information: "Sorry, Sir, there's no last bus on this route tonight."

Taxing politics

There was a time when Socialists were fond of quoting a ratio to support their creed.



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POLITICS TODAY

Masters in their own House

Labour MP was asked... resources would be found wanting... Staffing... The Commission consists of the Speaker, the Leader of the House...

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Table with 4 columns: Name of committee, Principal government departments concerned, Maximum number of members, Quorum. Lists committees like Agriculture, Defence, Education, etc.

Letters to the Editor

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Today's Events

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Catch 22 in Rhodesia

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UK COMPANY NEWS

Redland profits rise 13% on 10% sales increase

IN A period of trading recovery, total sales of Redland rose by 10 per cent to £307m for the year ended March 31, 1979, and profits before tax were up by 13 per cent from £23.57m to a record £45.2m.

The result was achieved in spite of the severe winter and a strengthening of sterling against the major currencies, in which 65 per cent of the group's profits were earned overseas.

Attributable profits for the year were up 17 per cent ahead to £28.44m, exceeding the pre-tax advance principally because heavy capital expenditure in the UK out of the tax charge—total tax was only 0.5 per cent higher at £16.12m.

With earnings per 25p share at 24.54p (20.22p), the net dividend (incl. 1st) held for 4.22p to 26.61p with a second interim of 5p. At the gross level, this represents a 30 per cent increase, as forecast in February, when the Treasury indicated its consent to this rise in relation to the U.S.\$25m Eurobond financing of the U.S. acquisition programme.

Earnings are, however, still 3.7 times the increased net dividend and the Board will give further consideration to the company's dividend policy at the time of the 1979-80 interim results in November.

In the UK the 11 per cent advance in profits to £15.4m was broadly based and would have been greater but for the harsh winter which caused losses in the last quarter.

Nevertheless, all major divisions improved their profits, with the exception of Redland Bricks which suffered from a

INDEX TO COMPANY HIGHLIGHTS

Table with columns: Company, Page, Col., Company, Page, Col. Includes ACC, Braid Group, Brownlee, etc.

particularly sharp decline in housing starts in the south east of England. The dominant profit earners in the UK continued to be Redland Aggregates and Redland Roof Tiles. Redland Furle made further progress and has finally established its freedom to continue to develop the important Pisa landfill site.

The 13 per cent profit increase in £18.91m achieved by overseas subsidiaries and the 16 per cent rise to £10.65m by associates, largely reflected very satisfactory trading in the group's European roof tile business.

The most important advances were made in France and Holland. In Germany, in addition to growth in roof tiles, Brans and Co. also improved the profitability of its plastic building materials division.

Conditions in the Australian construction materials industry were difficult throughout the year and Concrete Industries (Monier)

performed well by offsetting the declines in its domestic business by significant advances in North America and South East Asia.

Group sales: UK 208.45, Europe 270.56, Overseas 114.11, Total 593.12. Turnover: UK 175.77, Europe 220.25, Overseas 117.14, Total 513.16.

The group figures do not include any profit arising from the acquisition in January of Automated Building Components Incorporated, which makes up its accounts to December 31.

See Lex

ACC reaches £16m forecast

TAXABLE profits of Associated Communications Corporation, formerly Associated Television Corporation, reached £16.31m in the year to March 31, 1979, in line with the forecast at the time of the offer for intereuropean Property Holdings in March.

Last time, the taxable surplus of the television, theatre and records combine were £15.7m. Turnover advanced from £113.59m to £133.8m.

The net final dividend of 4.9p lifts the total to 8p (6.80p)—above the forecast 7.3125p. After tax of £7.53m (£5.75m), net profit came through higher at £8.78m compared with £7.93m. There are extraordinary debits of £164,000 (£149,000 credit). Earnings are shown at 16.77p (16.63p) before the extraordinary items.

Turnover: 1978-79 1977-78. Profits before tax: 12.28, 12.00. Tax: 5.33, 5.75. Net profit: 6.95, 6.25.

comment Profits from ACC's property operations jumped from £2.1m to £3.2m in the latest year and helped push overall group figures up 19 per cent to the £10.65m forecast. The 16 per cent rise in profits was marginally ahead of television results were up but the record and tapes side did not do well. Start up costs for the U.S. Marble Arch Productions were less than anticipated but they still restrained overall group figures though that operation is expected to break even in the current year. Also there will be a contribution from the ACC/EMI distribution joint ven-

ture plus 6 months of profits from Intereuropean Properties. Some recovery is expected from record and tapes. The overall picture thus suggests the outlook for the company this year is bright. The shares rose a penny to 22p yesterday giving a fully taxed p/e of 5.2 and a yield of 9.2 per cent.

Leboff well short of target

TAXABLE PROFITS of S. Leboff in 1978 were well below the midway forecast — coming through at £68,225 against £1,019,933. Turnover was down from £19.17m to £17.85m.

The net final dividend of 1.155p raises the total in 2p (1.76p). After a tax credit of £100,741, against a £297,189 charge, the net profit came through at £68,986 (£72,764). The directors say turnover is now running well ahead of last year after being hit by the bad weather and strikes. The retail DTV division is progressing satisfactorily with more new stores opened. They expect a satisfactory outcome for the year.

Mr. Bristol defeated but still wants Furness

BY JOHN MOORE

KCA International and Euro-canada Shipholdings yesterday lost their battle for influence over the affairs of Furness Withy, the British shipping group. Under 1 per cent of uncommitted Furness shareholders rallied to the KCA-Eurocanadian cause at the Furness annual meeting.

The resolution that Mr. Paul Bristol, chairman and chief executive of KCA, had proposed — that he should be appointed a director of Furness — was heavily defeated by 13.75m votes to 6.12m.

The defeat came even though KCA's 12.13 per cent holding in Furness was backed by Euro-canadian's holding of 10 per cent.

Two other resolutions were dropped by Mr. Bristol, to de-fuse some of the heat in the controversy.

called for a working party to be established by Furness with KCA to explore a formula for the merging of the two companies' respective oil service interests; another directed that Furness should explore the possibility of buying out Euro-canadian's 37.5 per cent shareholding in Manchester Liners, a Furness subsidiary.

European Ferries, which holds a 5 per cent stake in Furness and which Mr. Frank Narby, the chief executive of Eurocanadian, would support their cause, voted against the Bristol proposal.

But Mr. Bristol said yesterday after the meeting that KCA would continue to add shares to his 12.13 per cent holding in Furness. He said: "I wanted to bring this matter into the open." He added that he would be seeking a substantial British interest to associate with a deal which could lead to a bid for Furness.

Mr. Keith Wickenden, chairman of European Ferries, said after the meeting that he had not supported the "KCA-Eurocanadian camp" because "I was not convinced by the arguments I came to that conclusion long before the weekend."

Mr. Frank Narby said yesterday "this is just the beginning. He added that he had taken some liberties" in using Mr. Wickenden's name in connection with his intentions, "which perhaps I should not have done."

Mr. Wickenden said that his company had "always been interested in Furness. But we would want to do it ourselves. We are not anxious to put a package deal together."

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ISSUE NEWS

Sound Diffusion £1m cash call

Sound Diffusion, the Sussex-based electronic engineers, is raising £0.97m net through a one-for-four rights issue at 60p per share.

In view of the "substantial" discount—51 per cent on last night's closing price of 133p, up 7p—the directors say they decided not to underwrite the issue. A total of 1.67m new 5p shares are being issued.

The dividend forecast for the current year to end December, 1979 is 1.05p net on the increased capital, after allowing for the one-for-one scrip announced earlier this month (but not yet implemented). At the gross level this is a 31 per cent increase over the previous year and provides an ex-rights yield of 2.8 per cent before the scrip adjustment.

Explaining the reasons for the issue, the directors say that the company finances its growing investment in rental installations by selling leasing companies a major proportion of the new installations completed each year. Rentals from installations sold are the property of the leasing company but after an agreed

period (usually between five and eight years) 97 per cent of the benefit of the rentals reverts to Sound Diffusion.

The company will start receiving the benefit from 1982 onwards. In the meantime, however, there would not be sufficient margin in projected cash flow to make any significant investment in developing new products or in expanding the group's overseas sales force, they say.

The directors believe the growth rate of Sound Diffusion could be progressively improved from 1980 onwards if cash were available now for new product development and for the rapid expansion of its sales effort overseas.

Part of the proceeds of the issue will also be used to replace high interest rate loans of about £300,000.

Deals in the new shares will begin, nil paid, on July 2. Brokers are Rowe and Pitman.

Meanwhile, the directors have been advised that it would be desirable to expand the group by buying the two private companies, Sound Diffusion (Manufacturing) and Sound Diffusion (Service), both owned by the Stonor family.

The directors are considering the best way of doing this and if and when satisfactory arrangements are agreed, they will be put to shareholders at a general meeting, at which the Stonor family will abstain from voting

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The directors are considering the best way of doing this and if and when satisfactory arrangements are agreed, they will be put to shareholders at a general meeting, at which the Stonor family will abstain from voting

STC shares reach 182p

Shares of Standard Telephone and Cables, which were offered to the public at 180p last week, traded in a narrow range of between 177p and 183p when dealings started yesterday—premium of at least 11 per cent.

The shares closed last night at 178p, which values the ramp-up at £178m.

Jobs reported heavy trading in the 15m shares issued, with most of the stock going into the hands of institutions.

The issue was oversubscribed by about 11 times. STC is a subsidiary of International Telephone and Telegraph of the U.S.

Electrocomponents up 32%—pays 5p final

THE DIRECTORS of Electrocomponents report record tax-able profits of £10.02m for the year ended March 31, 1979, against £7.6m, a rise of 32 per cent. External sales rose the same amount to £44.41m.

At halfway profits had risen from £3.26m to £4.51m and the directors were confident that results for the full year would continue to reflect satisfactory progress.

The dividend total for the year is stepped up from an adjusted 2.5279p to 6.57p net per 10p share, with a 5p final payment.

Net profit came out at £5.39m compared with £4.34m, after tax of £4.65m (£3.26m).

The company manufactures and distributes electronic components.

comment A strong growth record, good preliminary figures, a very large leap in the dividend payout and reasonable prospects for the current year are not enough, it seems to stem the slide in Electrocomponents' share price. The shares came off a further top after the announcement to 443p.

Electrical stocks outperformed the market during late 1978 and early 1979, but they have been coming back with the market recently. The immediate outlook for the share is not bright, although the company itself still looks interesting. It has closed above the forecast 400p. Domestic Electronics division and the newest member of the group, Electrospares, is doing well. The largest subsidiary, SR Components, had a tough December but it still managed solid growth.

The historic p/e is 18.2 and the yield is 2 per cent. A profit of growth of around 25 per cent looks achievable, giving a prospective p/e of 14.6 and a yield

Norfolk Capital

TAXABLE profits of Norfolk Capital Group, the hotel and property development concern, rose from £105,148 to £114,180 in the half-year to March 31, 1979, after increased interest of £12,324, against £235,412.

Mr. Maxwell Joseph, chairman, is confident of the full year result of £723,000 (£582,000).

He says it is difficult to assess the possible impact on the tourist trade of the recent air traffic disruption and fuel crisis, and also the VAT increase. But the group is well placed to meet such problems and with reduced borrowings after the rights issue, there will be a lower interest charge in the current half.

Turnover for the half-year increased from £3.08m to £3.56m. Tax took £28,000, against £21,000. The net profit for the period is £86,156, a rise from 0.5p to 0.5p on the increased capital. A total of 1.2p (0.9p) was forecast at the time of the rights issue. Earnings are shown as 0.67p (0.54p).

Profits of hotels, including rent and interest receivable, were ahead from £341,560 to £423,029, while share dealing and dividends receivable brought in £1,475 (nil).

The chairman says that, despite the bad weather and the unavailability of conference rooms because of renovations, the hotel obtained a satisfactory improvement in trading results.

Table: DIVIDENDS ANNOUNCED. Columns: Company, Current payment, Date of payment, Div. year, Total last year. Includes ACC, Braid Group, Brownlee, etc.

Hill Samuel sees benefits

THE DIRECTORS of Hill Samuel Group are developing relationships established with Banque Arabe et Internationale d'Investissement and First City Bancorporation, of U.S., and have set up a joint venture with BAII in the form of a new merchant bank in Bahrain.

Sir Kenneth Keith, the chairman, says in his annual statement that these are important developments for the group, "and I believe they will yield great benefits in the course of time."

He adds that anti-manufacturing companies in the group is not granted any form of tax relief against inflation. Some success has been achieved in overcoming this problem but the directors will continue, the chairman says, to press for the grant of appropriate relief.

As reported on June 13, net profit for the year ended March 31, 1978, came out 13 per cent higher at £7.73m. The merchant bank had a successful year with profits up from £5.92m to £4.56m. The dividend is stepped up to 5.3185p (4.904p) per share.

In continuation of the policy of building up the policyholders' and shareholders' funds the whole of the year's surplus has been retained within the life and security funds.

This build up has been helped over the last two years by the appreciation in value of the freehold of 100 Wood Street, which was transferred from Hill Samuel and Co. in Hill Samuel Life Assurance during 1977 at £3.8m, its original cost to Hill Samuel.

This property has been transferred to the parent company at its current market value of £12.6m.

Sir Kenneth says that provision has been made for the liabilities that may arise in respect of a subsidiary property company, which is in the course of orderly realisation and, now that the process of building up reserves is largely complete, Hill Samuel Life Assurance is likely to resume dividend payments in the current year.

They state that based on the Hyde guidelines, the charge which would be required to reflect the impact of inflation, amounting to some 10 per cent in the March 31, 1979, year, on net disclosed group monetary assets, would be of the order of £3m.

At balance date fixed assets are shown as £17.48m (£3.47m), investments at £48.09m (£29.93m) and current assets at £1.08bn (£1.03bn). Current liabilities were £1.04bn (£968.27m).

Advertisement for PLESSEY GROUP. Title: Profits advance. Text: 1978-79 PRELIMINARY AND FOURTH QUARTER RESULTS. Earnings per share up 12 per cent to 13.05 pence. Pre-tax profits up 7.9 per cent to £46.2 million. Worldwide sales up 6.1 per cent to £648.3 million. Retained earnings up 2.9 times at £13 million. Borrowing ratio down from 40 to 30 per cent.

Advertisement for The British Petroleum Company Limited. Registrars Department. With effect from Monday, 2nd July, 1979, all documents for registration and correspondence relating to the Company's Registers of Stockholders should be addressed as follows: The Registrar, The British Petroleum Company Limited, BP House, Third Avenue, HARLOW, Essex CM19 5AG. Telephone: HARLOW 26851 (STD Code 0279)

Advertisement for THE EAST SURREY WATER COMPANY. Points from the Annual Statement for the year to 25th March 1979 by the Chairman, Mr. P.D. Davey, F.C.A. Charges: For 1979/80 the domestic water rate will be 8.3p in the £, plus a standing charge of £4 p.a. The Meter charge will be increased by 6.4% to 76.9p. per thousand gallons. Overall increase in income about 5.5%. Domestic consumers are now offered the facility of paying their half yearly water services accounts in two instalments. Charging Policy: The introduction of a two part tariff for unmeasured supplies is the first step in a phased reconstruction of the Company's charges to meet the requirements of the Water Act 1973. Demand: The long term increase in demand which was interrupted by the drought in 1976, now appears to be returning to its normal trend, with most of the increase coming from unmeasured supplies. The supply and demand situation will have to be carefully monitored to ensure that new sources are developed in time. Capital Expenditure: With capital expenditure running at around £1,000,000 p.a., fresh capital will soon have to be raised. London Road, Redhill, Surrey, RH1 1LJ.

Advertisement for Yorklyde Limited. This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or to purchase any of the Shares. Yorklyde Limited (Registered in England No. 1411789) 1,170,000 Ordinary Shares of 20p each, fully paid. The Council of The Stock Exchange has admitted the above-mentioned Ordinary Shares to the Official List. Particulars of the Company and of the Ordinary Shares are available in the Extra-Statistical Service and copies may be obtained during usual business hours (Saturdays excepted) until 6th July, 1979, from: Baring Brothers & Co., Limited, 88 Leadenhall Street, London EC3A 3DT. E. B. Savory, Millin & Co., 20 Moorgate, London EC2R 6AQ. 29th June, 1979.

UK COMPANY NEWS

Final quarter spurt puts Plessey over £46m

PLESSEY almost halved profit its main telephone...

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange...

stream businesses? Group profit includes £7.4m in attributable earnings of ICL to the date of the sale.

Stead & Simpson keeps up pace in second half

FOLLOWING THE higher mid-year surplus of £1.47m, compared with £0.96m...

surged forward. Apart from an element of trading up, the company was well prepared for the pre-Christmas upturn with a good supply of winter stocks.

Cronite ahead by 55%

A MORE buoyant market in the traditional nickel business enabled the Cronite Group to substantially improve profits in the half year to March 31, 1979.

UK many of the trading reorganisation and a 700 in workforce to 3,400...

Unilever payments on Aug. 1

ALL DEFERRED dividends will be paid by Unilever Limited on August 1. The balance amounts to 35p per ordinary share...

Profit lift for Eldridge Pope

TAXABLE profits of Eldridge, Pope and Brewer went ahead from £17,693 to £56,904 in the half-year to March 31, 1979...

CH Industrials £175,000 off

AS EXPECTED, production difficulties, the road haulage strike and bad weather have hit taxable profits of CH Industrials...

BROWNLEE AND COMPANY LIMITED

Importers and Merchants dealing in timber, plywoods, board materials, joinery components and building materials...

Increased Turnover and Profit for year ended 31st March 1979

Table with 2 columns: 1979 (52 weeks) and 1978 (52 weeks). Rows include SALES, TRADING PROFIT, PROFIT BEFORE TAX, PROFIT AFTER TAX, EARNINGS PER ORD. SHARE, DIVIDENDS PER ORD. SHARE.

Comments by the Chairman, Mr. P. A. Barns-Graham. Sales increased by 12% and Trading Profit by 55%.

The final dividend of 3.4p per ordinary share recommended (making 4.0p for the year) will, if approved, be paid on 16th August 1979.

Depression in public sector of construction industry continued but demand for home improvements and modernisation increased.

Margins, as forecast, improved in second half of year but results adversely affected by long winter.

Accounting policy changed to give effect to SSAP. 15 (Accounting for Deferred Taxation).

Annual General Meeting: 15th August 1979. Annual Report & Accounts will be mailed to members on 20th July and copies can be obtained therefrom at the Secretary, by Saw Mills, Port Dundas, Glasgow G4 9TF.

electrocomponents limited

Trading results for the year to 31st March 1979 (Subject to audit confirmation)

Table with 4 columns: 2nd Half year 1979, Full year 1979, Full year 1978, Full year 1977. Rows include External sales, Profit before taxation, Corporation Tax (52%), Profit after taxation, Increase (%) on corresponding period, External sales, Profit (pre-tax).

At the Annual General Meeting to be held on 21st September 1979, the Board will recommend a final dividend of 6.0p per share, making a total for the year of 6.5p per share.

Copies of the Report and Accounts will be available from The Secretary, Electrocomponents Limited, Maple House, 37/45 City Road, London EC2P 1HX, from 24th August 1979.

Pension Fund Property outlook

AT THE present level of the market, and pending the introduction of changes by the Government, Mr. Cecil Baker, chairman of Pension Fund Property Unit Trust (PFPUT), says in his annual statement, it is difficult to be positive about the prospects for the future.

OIL AND GAS NEWS

Exmouth Plateau search gathers momentum

The deepwater oil exploration programme off Australia's west coast will reach top pace early next month when the third dynamically positioning oil rig will arrive, reports Don Lippcombe from Perth.

comment

Stead and Simpson has had its best year for at least a decade with profits showing a 48 per cent improvement. Against a background of buoyant retail trading, the footwear division

comment

As late as December of last year C. H. Industrials was expecting profits above the previous year's £80,000, which suggests

Banco Nacional do Desenvolvimento Economico U.S. \$50,000,000 Floating Rate Notes 1989

European Banking Company Limited

- Bank of America International Limited, Bank of Montreal, Bank of Paris, Commerzbank Aktiengesellschaft, Manufacturers Hanover Limited, Merrill Lynch International & Co., Salomon Brothers International, S.G. Warburg & Co. Ltd., Societe Generale, Wood Gundy Limited, European Brazilian Bank Limited - Eurobraz, Libra Bank Limited

Table listing various international banks and their branches, including Algemeine Bank, Bank of America, Bank of Montreal, Bank of Paris, etc.

ALLEN EARLEY & ROSS INVESTMENT MANAGEMENT LTD. 45 Cornhill, London EC3V 3PB. Tel: 01-623 6314. Index Guide as at June 28, 1979. Capital Fixed Interest Portfolio 115.65. Income Fixed Interest Portfolio 108.00.

Durapipe International Limited

Table with 3 columns: Year to 31st March, 1979, 1978, 1977. Rows include Turnover, Profit before tax, Profit after tax, Earnings per share, Dividends per share, Net asset value per share.

*Includes £4.127m for U.S. subsidiary, compared with £1.313m (3 months only last year).

Chairman reports:

- Excellent results from Durapipe, a fall in profit at Ansell Jones, losses in newly established overseas locations, result in a slight fall overall. Dividend increased by maximum allowed. Proposed scrip issue on one for one basis. Group currently trading at satisfactory levels, but benefits from substantial development programme not expected to show until later in the year.

The Report and Accounts can be obtained from: The Company Secretary, Durapipe International Limited, Norton Canes, Cannock, Staffordshire WS11 3NS. The Annual General meeting will take place at the Waldorf Hotel, London on Thursday, 26th July, 1979 at 11.00 a.m.

THE CRONITE GROUP LIMITED

Comments by the Chairman and Chief Executive Mr. K. F. Ward, on the six months results to 31 March 1979. A more buoyant market within our traditional nickel alloy business has enabled the Group to show a considerable improvement in profits - up 55 per cent to £237,000 (pre tax). We can look forward to a continued improvement in our results without the diluting effect of loss making operations. I am confident about the future prospects of the company.

CRONITE specialists in nickel alloys

UK COMPANY NEWS

Progressive Securities Investment Trust Limited

Statement by the Chairman

The progressive increase in the level of revenue from our assets has been maintained, gross revenue rising to £145,458 (from £132,872) for the year ended 31st March 1979...

Companies and Markets

We could meet claims - Wm. Press

IT SHOULD be possible to meet any claims and costs from the prosecution mounted by the Inland Revenue "without undue difficulty," according to a note in William Press' annual report.

Renold slips to £10.2m as demand remains depressed

However, some countries fared better than others, and in the U.S. in particular, demand strengthened. Certain industries remained relatively buoyant, especially those associated with energy production.

U.S. subsidiary accounts which retained LIFO for tax purposes. As a result of the change £882,000 has been brought in as an extraordinary credit.

Renold has continued to mark time in the second half. The overdraft was cut by around £3.5m, mainly from the sale of the Fenner stake...

MINING NEWS

Diamond cutters for Botswana

BY QUENTIN PEEL IN GABORONE

THE BOTSWANA Government is about to sign an agreement with a major diamond-cutting concern to set up a pilot cutting plant in the capital, Gaborone.

BIDS AND DEALS

Another PMA expansion move - agreed £0.85m offer for Lebus

PMA Holdings, the fast-growing kitchen and bedroom furniture group, yesterday announced an £853,000 agreed bid for Harris Lebus, one of the oldest furniture manufacturing companies in the UK.

accept the offer in respect of holdings totalling 190,166 shares (8.8 per cent).

will improve further and that expansion plans put in hand a year ago will prove in hand a "wisely conceived and timed."

May 1979 This announcement appears as a matter of record only



KINGDOM OF NORWAY

Lux. Francs 1,500,000,000 Five year Fixed Rate Loan 1979 - 1984

managed and arranged by

Banque Internationale à Luxembourg Société Anonyme

together with

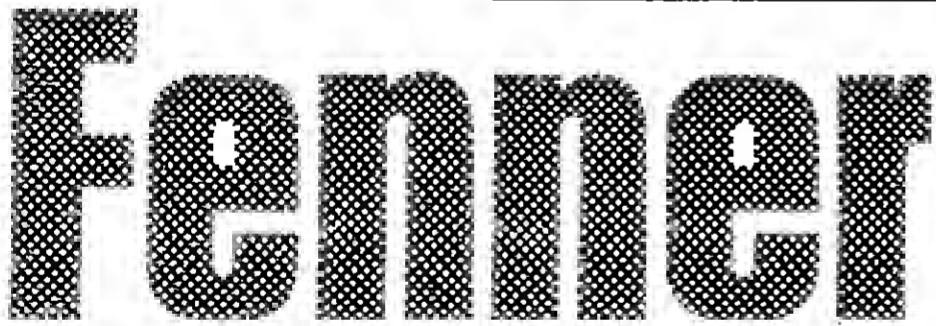
Caisse d'Epargne de l'Etat Banque de l'Etat Compagnie Luxembourgeoise de la Dredner Bank A.G. - Dresdner Bank International - Norddeutsche Landesbank International S.A.

Banque Commerciale S.A. Bergen Bank International S.A. Crédit Industriel d'Alsace et de Lorraine Succursale de Luxembourg Den norske Creditbank (Luxembourg) S.A. Landesbank Rheinland-Pfalz und Saar International S.A.

Andresens Bank International S.A. Bank Oppenheim Pierson International S.A. Banque Continentale du Luxembourg S.A. Christiania Bank og Kreditkasse International S.A.

Agent

BANQUE INTERNATIONALE A LUXEMBOURG



INTERIM ANNOUNCEMENT

Table with 2 columns: Half Year Ended 3rd March 1979 (unaudited) and Half Year Ended 4th March 1978 (unaudited). Rows include External turnover, Profit before taxation, Profit after taxation, Earnings per share, etc.

Extracts from Chairman's Statement "Generally weak and highly competitive trading conditions in the UK, high interest costs and the relative strength of sterling, have resulted in a depressed first half performance."

In contrast to our performance at home, practically all overseas companies have recorded solid progress, including the USA, where turnover and operating results have been considerably improved.

J H FENNER & CO (HOLDINGS) LTD

The Fenner Group is principally concerned with the manufacture of power transmission equipment, industrial conveyor beltings, materials handling systems and fluid seals.

Near £28m valuation on Hardy

Harris Queensway, the carpet retailing and DIY group, has finally revealed the terms of its agreed bid for Hardy (Furnishers). The new offer values Hardy at £27.7m.

JENKS & CATTELL RESISTANCE Armstrong Equipment's £1.5m bid for Jenks and Cattell, the Wolverhampton engineering group, has been received in respect of only 3 per cent of Jenks and Cattell shares.

SHARE STAKES Cluff Oil has bought a further 3,361 shares bringing its total holding to 138,438 shares 14.5 per cent.

Mt. Newman expands

A NEW AS\$5m (£44.1m) beneficiation plant has been formally opened at Mount Newman Mining's iron ore operation at Mount Whaleback in the Pilbara region of Western Australia.

Capital & Counties hopes to boost dividend

A WORTHWHILE improvement in both investment and trading income of Capital and Counties Property Company during the current year, is forecast by Mr. Keith Wallis, the chairman, in his annual statement.

Northern Secs.

Northern Securities Trust has concentrated a major part of the funds invested in the UK in smaller companies, says Mr. R. Manning Phillips, chairman, in his annual statement.

BANK RETURN

Wednesday June 27 1979 Increase + or Decrease - for week

BANKING DEPARTMENT Table with 2 columns: £ and £. Rows include Liabilities, Capital, Public Deposits, Special Deposits, Bankers Deposits, Reserves & other Accounts.

ASSETS Table with 2 columns: £ and £. Rows include Government Securities, Advances & Other Accounts, Premises Equipment & Other Sec., Notes, Cash.

ISSUE DEPARTMENT Table with 2 columns: £ and £. Rows include Liabilities, Notes Issued, In Circulation, In Banking Department.

Coats Patons Limited



Appointment Mr. Herman Schaller has accepted an appointment by Coats Patons Limited as Overseas Trading Consultant to their Garments Division.

UK COMPANY NEWS

Popold Joseph dips
it lifts payment

ADJUSTED PROFITS of Joseph Holdings fell 3.7% to £488,427 in the March 31, 1979, year. The company is lifting the dividend from 8.71p to 9.1p per share with a 7.627p. Earnings per share shown down from 18.55p.

Directors say their confidence in the group's future is higher payment.

John Herbert, chairman, said that profitability of the company has improved by the rise in minimum wage from 6p per cent at the end of the year to a 7.627p in February. There was a fall of 1.1p per cent by the year end. In spite of this, these operations a substantial profit, and the group has been able to service its customers.

The group's operations a successful year both in the United Kingdom and in Guernsey. The exchange department has also been successful in the provision of a growing client base.

Mr. Herbert says total assets fell from £51.98m to £49.5m due to a reduction in less profitable foreign holding.

At the end of the year, the group had £27.5m at the

Year-end,	1979	1978
Net profit	£22,738	£22,442
Less stock interest	66,600	66,900
Minorities	87,711	117,569
Attributable	£288,427	£288,474
Dividends	248,772	228,283
Retained	39,655	324,321
After tax and transfer to reserves		

Cawdaw hit
by higher
interest

AFTER HIGHER interest of £248,550, against £185,897, taxable profits of Cawdaw Industrial Holdings, textile and timber group, finished the March 31, 1979, year down from £438,569 to £400,073. Sales were ahead from £11.8m to £12.9m.

At the interim stage profits had risen to £132,000, compared with £101,000.

The dividend for the year is increased from 2.4579p to 2.5679p net per 25p share.

Net profits emerged higher at £301,829, against £273,738, after lower tax of £38,443 (£161,824). After an extraordinary debit of £13,338 (£15,459), and minorities £787 (same), the attributable balance came through ahead from £257,483 to £257,504.

Whatlings looks for recovery
after £0.28m loss midway

AFTER A non-recurring loss of £120,000 on closure of Middle East operations, Whatlings turned in a taxable deficit of £280,000 in the half-year to March 31, 1979, compared with a £110,000 profit last time.

Full-year results will show a recovery, the directors say. But it is still too early to make an accurate forecast—in the last full year, profits were £362,000. They point out that group profits are normally earned during the second half.

The group has an adequate order book with a higher than normal proportion of private sector work and is ready to take advantage of improvements in market conditions.

The directors say that, although the building group has undertaken profitable contracts in the three years during which it has operated in the Middle East, prospects are much less attractive and accordingly it has been decided to withdraw from direct representation in the area.

In the period under review, the bad weather and strikes caused particular difficulty at a time when the industry worldwide is suffering from recession and reduced margins.

Turnover for the half year was lower at £8.05m, against £8.56m.

Lookers
slips to
£804,000

PRE-TAX profits of Lookers, motor vehicle distributor and engineer, slipped from £853,420 to £803,905 in the half-year to March 31, 1979, on increased turnover of £32.42m, against £27.69m.

At the annual meeting in March, Mr. R. E. Tongue, chairman, said the first four months' profits were higher. He now says the half-year results are satisfactory bearing in mind the transport strike and bad weather.

Results for April and May show a marked improvement, and he expects a satisfactory full-year outcome. Last time the

taxable surplus reached £1.73m (£1.44m).

The net interim dividend is raised 40 per cent to 1.4p (0.9825p). Stated earnings are down from 9.6p to 5.7p.

Tax was higher at £377,835 (£189,107). As a result of the budget, the charge includes £245,000 deferred tax after the withdrawal of 100 per cent first-year allowance on leased vehicles.

After an extraordinary debit of £2,979 (£7,594 credit), the attributable balance came through lower at £423,091, against £721,597.

The chairman says the car leasing operation has earned good profits and should continue to do well despite the recent tax changes. Pressure on profit margins in the EL Cars franchise has intensified.

The agricultural side has produced good results and its activities have recently been extended through the acquisition of Tipton and Morley.

Mothercare on right track
for solving U.S. problems

THERE WILL be no change in Mothercare's dividend policy for the time being, even though it means disappointing shareholders, Mr. Selim Zilkha, the group's chairman and managing director, said at yesterday's AGM.

He was replying to a shareholder who suggested the low yield (2.7 per cent) was holding the share price down, and who urged the Board not to linger too long on the question lest a new incomes freeze be imposed.

Another shareholder asked about the company's problems in the U.S., and Mr. Zilkha said that it was dealing with big losses ("not big in terms of the company but big in themselves") and relatively small sales.

"The sales increase of 32.9 per cent for the first 13 weeks, takes us nowhere," he said. "The increase is just on budget and I have already said in the annual report if we only stay on budget, we will continue to make losses."

"We are on the right track but the turnaround will take a little time."

He said that the problem was in the merchandising side of the operations and told shareholders that last year the com-

pany was selling jeans at US\$4.25 a pair while Sears Roebuck was selling a nicer pair at US\$2.99.

"We made a mis-judgment entering the U.S. market. We took too much UK merchandise but we are gradually switching to local sources and it's funny how receptive U.S. suppliers are to our needs, particularly in view of our small turnover there at the moment."

He did not give an outline of overall prospects for the current year but did say that UK sales in the first 12 weeks were about 32.1 per cent up on the same period last year and above budget. The U.S. sales were 32.9 per cent up while those in Europe, in the first 16 weeks, were almost 15 per cent ahead.

chairman told shareholders at the annual meeting.

By the end of this month, however, the shortfall should have been recouped and, subject to unforeseen circumstances, the company should achieve record profits in the current year.

Braid down
to £275,153
midterm

ALTHOUGH turnover was better at £16.08m against £13.51m, taxable profits of Braid Group, motor vehicle distributor, declined from £338,246 to £275,153 for the half year to March 31, 1979.

With earnings per 5p share lower at 2.14p (2.49p), the net interim dividend is slipped up from 0.49p to 0.558p—last year's total was 1.534p on £570,820 pre-tax profits.

After tax of £143,000 (£156,000) net profits for the six months were down from £153,246 to £182,153.

Downlee ahead to £0.96m

RECAST margins of Downlee and Co. improved in the half and the timber group lifted taxable profits to £962,000 in the 53 weeks to March 31, 1979, compared with £910,000 in the previous year. At the surplus was up from £405,000.

A. Barnes-Graham, chairman, said the depression in the timber industry continued throughout the year but there was a slight upturn in the private side, and for better improved modernisation continues.

He said that prospects for the timber industry remain uncertain but they expect demand to improve and allow to continue to

dividend per 25p share from a total of 2.2986p to a final of 3.4p. Stated profit per share are well up adjusted 5.1p to 10.1p.

Share ahead from £19.04m

	1979	1978
Sales	21,314	19,042
Trade	103	213
Associates	962	788
Tax	246	401
Profit after tax	718	385
Extraord. credit	718	420
Available	718	481
Dividends	287	184
Retained	429	327

MOD PRICE MOVEMENTS

	June 28	Week ago	Month ago
sh A.1 per ton ...	1,180	1,150	1,180
ish A.1 per ton ...	1,120	1,095	1,065
er A.1 per ton ...	1,120	1,095	1,065
ER			
per 20 kg	14.22/14.37	14.22/14.37	14.22/14.37
ish per cwt ...	81.65	81.65	81.65
ish salted per cwt	85.10/87.70	85.10/87.55	85.10/87.55
SEI			
per tonne	—	—	—
ish cheddar trad.	—	—	—
er tonne	—	—	—
ie produced:			
ze 4	3.10/3.30	3.20/3.30	—
ze 2	3.80/3.80	3.50/4.20	—
	June 28	Week ago	Month ago
fish killed sides			
CF	64.0/68.0	64.0/68.0	59.0/63.0
forequarters	42.0/44.0	41.0/43.0	41.0/43.0
fish			
FLS/PMS	66.0/70.0	66.0/78.0	62.0/66.0
FLS/PMS	50.5/51.5	50.0/52.0	51.0/52.5
weights	34.0/44.0	34.0/44.0	34.0/44.0
TRY			
in-ready chickens...	41.0/44.0	41.0/44.0	41.5/43.5
London Egg Exchange price per 120 eggs. † Delivered.			
available. † For delivery June 30-July 7.			

FRANCIS SUMNER
(HOLDINGS) LIMITED

Highlights from the Chairman's Statement

Profit before taxation and extraordinary items after all charges for the year ended 31st December, 1978 amounted to £693,466 on sales to 12 parties of £15,103,502.

total dividend of 0.7918p for the year—the maximum allowed under present Government regulations.

current assets have increased to £3,906,728—up 68.5% of entire net asset value.

long winter, coupled with industrial unrest, did not help the Group's business in the first months of the present year, but even so the order book and sales at the end of April 1979 show an increase of approximately 16% and 8% respectively. Your Directors are confident of continued improvement and are looking forward to another successful year.

PLASTICS — ENGINEERING — TEXTILES

ROWTON HOTELS

from the Statement by the Chairman, Mr. W. B. Morris, QC

ITS In 1978 Rowton beat the previous record of 1977—turnover increased from £3,954,840 to £4,638,325 before taxation totalled £1,160,758 (1977—£966,886). Total dividend recommended 6.855284p per share (1977—6.317464p).

Occupancy was slightly down, as was expected following a year, but the letting revenue of our Hotels (London Park, Pleasant and The Grand in London; The Mill in Sudbury, Essex) showed an overall improvement.

ELS All our London Hotels had a successful year. At the end of the year, it seems unlikely that occupancy will be until there is a return of industrial and business activity.

PECTS With a strong financial base and competitive prices, and with the good team work of an enthusiastic staff, we look to the future with reasoned optimism.

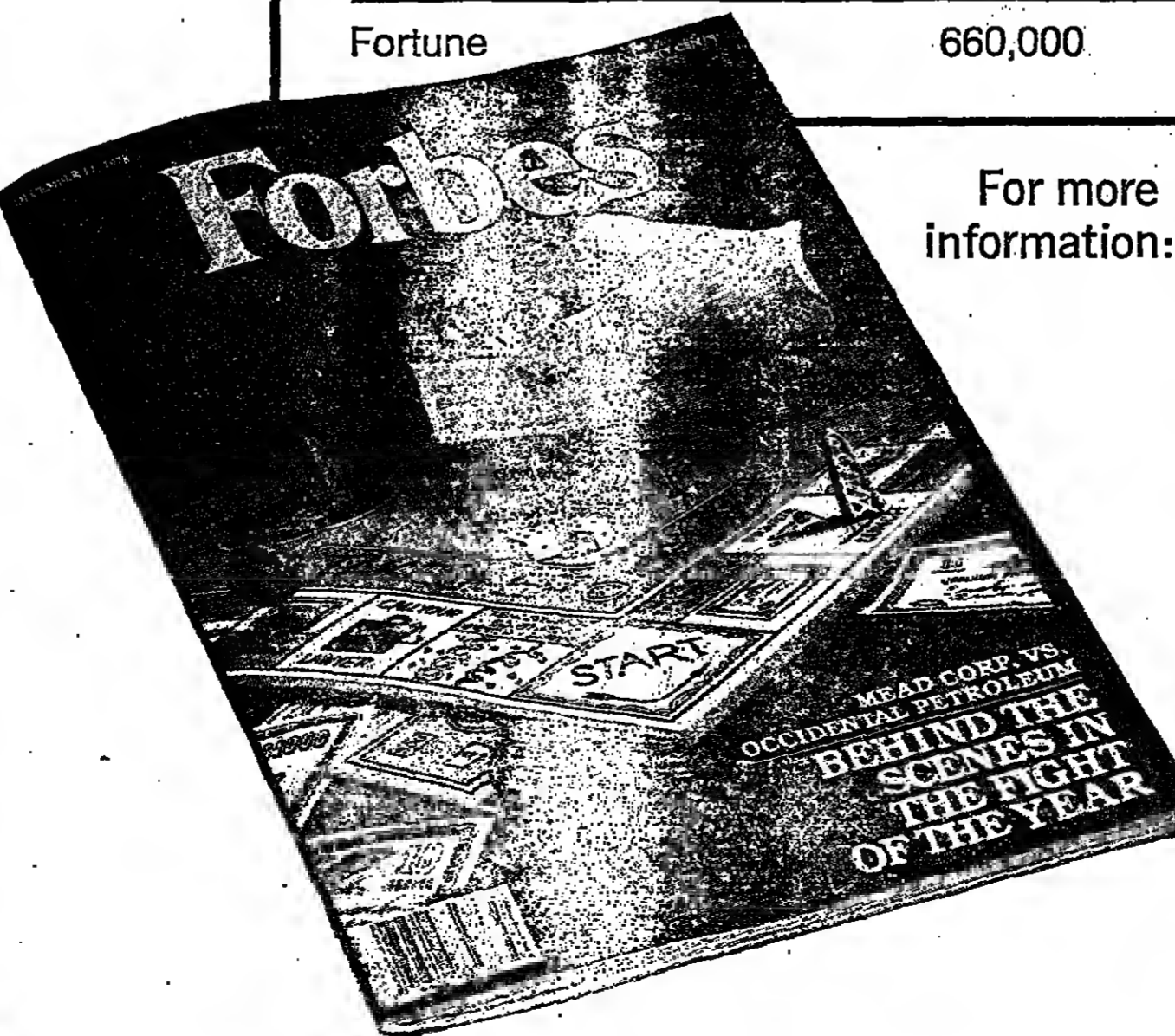
FORBES Magazine is read regularly by more of the most important U.S. business influences than any other.

Furthermore, FORBES costs less per advertising page and is the most cost efficient of the major U.S. business magazines.

Magazines read regularly by corporate officers in 1,300 of America's largest companies	
FORBES	75.8%
Business Week	68.3%
Fortune	49.7%
Time	45.7%
Newsweek	30.2%
U.S. News & World Report	23.0%

Source: Erdos and Morgan, Inc., October, 1978

	Circulation	1X B&W page rate	Cost per thousand readers
FORBES	670,000	\$10,990	\$16.40
Business Week	795,000	15,560	19.57
Fortune	660,000	14,650	22.20



For more information:

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(01) 385-7723

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Mr. James W. LaCirnola
Director of International Advertising
FORBES Magazine
60 Fifth Avenue
New York, New York 10011
Telephone (212) 620-2380
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Forbes

APPOINTMENTS

Group Secretary

for a well-known publicly quoted group engaged in the manufacture, distribution and retailing of footwear and in engineering. The undertaking has extensive overseas interests and an enviable record of profitable growth. Location - a pleasant area in the East Midlands.

THE ROLE embraces all aspects of the corporate Secretarial and Legal functions including: patent and property management; insurance; personnel management and pension schemes administration.

THE REQUIREMENTS are a legal or accountancy qualification and/or Secretarial experience at senior management level in a substantial manufacturing company.

TERMS, which include an annual bonus and car, are for discussion with around £15,000 as the salary indicator. It could be more for exceptional relevant experience and achievement. Preferred age: mid-thirties to mid-forties.

Write in complete confidence to Sir Peter Youens as adviser to the group.

TYZACK & PARTNERS LTD

MANAGEMENT CONSULTANTS 10 HALLAM STREET, LONDON WIN 6DJ 12 CHARLOTTE SQUARE, EDINBURGH EH2 4DN

LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being wound up, are required, on or before the 8th day of August, 1979, to send in their claims...

IN THE MATTER OF THE COMPANIES ACT 1948

No. 001482 of 1979 In the HIGH COURT OF JUSTICE Chancery Division, the Matter of NEVNHAM HOLDINGS (GROUP) LIMITED and in the Matter of THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN that a Petition was on the 30th May 1979 presented to His Majesty's High Court of Justice for the Confirmation of the Reduction of the Capital of the above-named Company...

Any Creditor or Shareholder of the said Company desiring to object to the reduction of Capital should apply to the Court for the purpose of being heard...

IN THE MATTER OF THE COMPANIES ACT 1948

No. 001483 of 1979 In the HIGH COURT OF JUSTICE Chancery Division, the Matter of MINTON & FINCH LIMITED and in the Matter of THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN that a Petition was on the 15th May 1979 presented to His Majesty's High Court of Justice for the Confirmation of the Reduction of the Capital of the above-named Company...

IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of August, 1979, to send in their claims...

IN THE MATTER OF THE COMPANIES ACT 1948

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CURRENCIES, MONEY and GOLD

Pound firm

Sterling rose to its best level against the dollar for nearly four years yesterday, as the U.S. unit lost ground against major currencies following the result of the Organisation of Petroleum Exporting Countries meeting in Geneva, and the latest U.S. trade figures.

The Bank of England may have intervened to a small way to support the dollar, but the heavy intervention came from the German Bundesbank and the Swiss National Bank.

The pound opened at \$2.1700 and rose to \$2.1770-1780 in early trading, before declining to \$2.1595-1605 after a lunch lull.

Sterling's trade-weighted index, as calculated by the Bank of England, finished at 69.4, compared with 69.0 previously, after standing at 69.3 at noon.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates with columns for Currency, ECU amount, % change from central, and % change from previous.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies and terms (short term, 3 months, 6 months, 1 year).

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currencies including Pound Sterling, U.S. Dollar, Deutschmark, Japanese Yen, etc.

INTERNATIONAL MONEY MARKET

European rates firmer The general move towards higher interest rates in Europe continued yesterday, partly reflecting concern felt over strains within the EMS, and the instability of the dollar.

UK MONEY MARKET

Very large assistance Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979). Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a moderate amount of Treasury bills and a small amount of local authority bills.

LONDON MONEY RATES

Table showing London Money Rates for various terms (Overnight, 7 days, 14 days, 1 month, 3 months, 6 months, 1 year) and currencies (Sterling, Local Authority, Finance House, etc.).

THE POUND SPOT AND FORWARD

Table showing The Pound Spot and Forward rates for various currencies and terms (June 28, One month, Three months, Six months).

THE DOLLAR SPOT AND FORWARD

Table showing The Dollar Spot and Forward rates for various currencies and terms (June 28, One month, Three months, Six months).

CURRENCY RATES

Table showing Currency Rates for various currencies (Sterling, U.S. Dollar, Canadian Dollar, etc.) and their movement.

OTHER MARKETS

Table showing Other Markets including Argentina, Brazil, Canada, Denmark, France, Germany, Italy, Japan, etc.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies and terms (short term, 3 months, 6 months, 1 year).

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currencies including Pound Sterling, U.S. Dollar, Deutschmark, Japanese Yen, etc.

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MONEY RATES

Table showing Money Rates for various currencies (New York, Germany, France, Japan) and terms (Prime Rate, Treasury Bills, etc.).

PUBLIC NOTICES

Government Contracts

Imperial Chemical Industries Limited acting through its Head Office hereby gives notice in accordance with the provisions of Part II of Schedule 1 to the Public Contracts Act 1974...

COMPANY NOTICES

NOTICE IS HEREBY GIVEN that the purchase fund, relative to Interdec Bermuda 9% notes due 1982, did not operate for the year ending June 1, 1979

Purchase Agent: ARAB FINANCE CORPORATION SAL.

ART GALLERIES

AGNEW GALLERY, 45 Old Bond St., W.1. 01-239 9176. Exhibition of OLD MASTER PAINTINGS...

PIPELINES ACT 1962

Imperial Chemical Industries Limited acting through its Head Office hereby gives notice in accordance with the provisions of Part II of Schedule 1 to the Public Contracts Act 1974...

NOTICE OF SURCHASE

NOTICE IS HEREBY GIVEN that the members of the above-named company are required to attend a meeting...

THE BRITISH STEEL SPECIALTIES GROUP LIMITED

NOTICE IS HEREBY GIVEN that the Ordinary Shareholders of the Company are required to attend a meeting...

TRAVEL

GENEVA, BRISQUE Zurich and Bern, widest range of cheap flights from a UK airport. British Caledonian, CPT. 351 2151. ATOL 5088 & ASTA.

LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of Local Authority Bonds on offer to the public. For advertising details please ring Stephen Cooper 01-248 3000 Extn. 7008

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

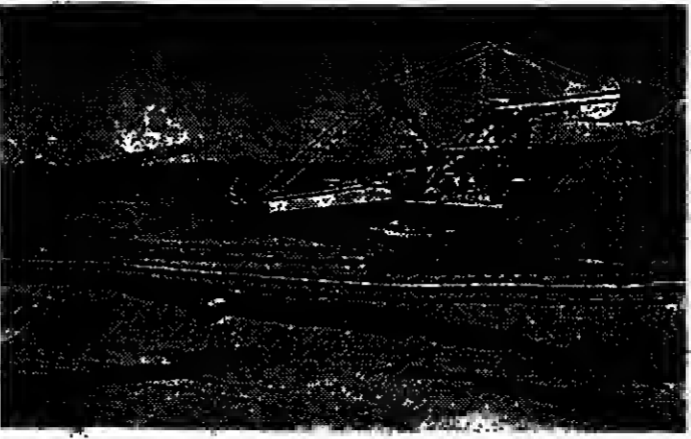
Mining investment: Australia's widening door

THOMAS MARSHALL & CO. (LOXLEY) LTD.

(Manufacturers of Carbon, Fireclay and Heat Insulating Refractories) Annual General Meeting was held on 28th June in Mr. W. T. Hale, B.Sc. (The Chairman) presiding...

FOR THE past few years big new mining investment has been virtually at a standstill. The two basic reasons have been the depression in base-metal prices and the lack of any guarantee of security for capital invested in mining ventures in the developing countries.

market in the Pacific Basin. Unfortunately, Australia also has an unenviable record of labour unrest which shows no signs of improving, and on the economic front there are rising interest rates and a declining currency.



Stockpiling of iron ore at Port Dampier in Western Australia.

other requirements, is now "Australised." The principal advantage of this new corporate status is that it can enter into joint venture arrangements with other companies, even if they do not have a majority local equity, providing they, too, have fulfilled the same conditions.

Under the new policy, the three-quarters rule may be waived when the local capital is not available, when the project is of "significant economic benefit to Australia," and if locals retain the major say in determining project policy.

MARSHALL REFRACTORIES BRIS BRIDGE WORKS, LOXLEY, SHEFFIELD.

LOOKERS LIMITED Motor Vehicle Distributors and Engineers

INTERIM REPORT

Directors announce the following unaudited results for the half-year ended 31st March 1979:

Table with 3 columns: Item, Half-year ended 31.3.79, Half-year ended 31.3.78. Rows include Profit before Taxation, Profit after Taxation, Dividend, etc.

As a result of the Chancellor's Budget statement on 12th March 1979 the taxation charge includes £245,000 deferred taxing the withdrawal of 100% first year allowance on vehicles.

M.D.W. Building and Civil Engineering Contractors

SUMMARY OF RESULTS

Table with 3 columns: 1978, 1977, 1976. Rows include Turnover, Profit before tax, Dividend, etc.

Chairman, Mr. Harold A. Whitson, C.B.E., B.A. reports: The restructuring of the group was approved at an E.G.M. held on 7th December 1978 and came into effect on 1st January 1979.

Colin Knowles - his part in the volcanic events at Piccadilly.



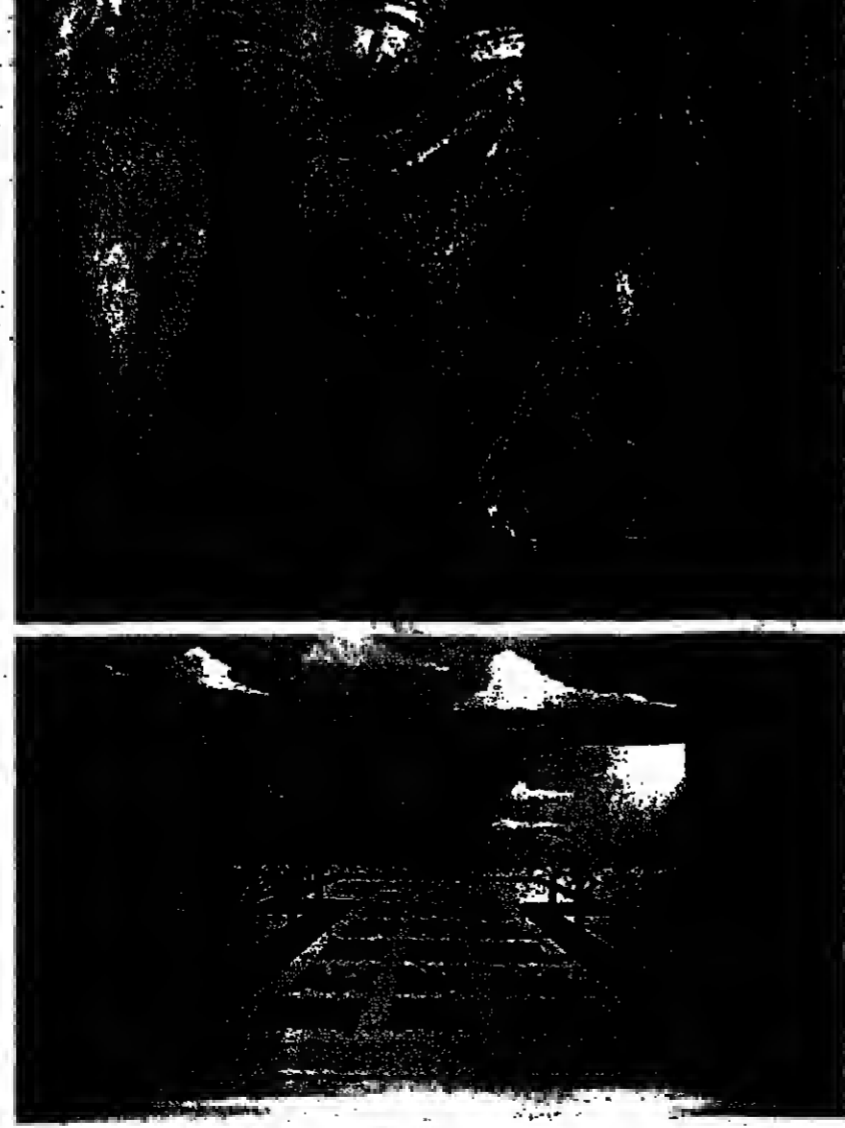
Colin Knowles, Company Secretary and Head of Public Affairs.

Colin Knowles, Company Secretary and Head of Public Affairs.

"You call it sponsorship of the arts but I like to consider it a form of partnership with the arts." Colin Knowles, Company Secretary and Head of Public Affairs at Imperial Tobacco, spoke of the Pompeii exhibition which people enjoyed so much.

"Another cultural event which we financed, and were proud to be linked with was the Glyndebourne production of Mozart's Magic Flute, for which David Hockney did the designs.

"Does Imperial get a return on the expenditure? Well we do of course. We get goodwill. And we're delighted to earn the goodwill of the community this way.



One of David Hockney's set designs for The Magic Flute

"Without the support of such sponsorship, the future of Glyndebourne would be uncertain." George Christie, Chairman, of Glyndebourne Productions Limited.

Imperial Tobacco: the way we work

Imperial Tobacco Limited - a member of Imperial Group Limited

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THE M&G GROUP

HONG KONG'S TEXTILES AND GARMENT INDUSTRY

Steaming away from the sweatshop image

BY RHYS DAVID, RECENTLY IN HONG KONG

SAN'S Clothing Factory in Kowloon is not what most people would expect of a Hong Kong garment operation. Like many other factories, it is housed in an undistinguished block issuing directly on to a congested side street crammed with delivery vehicles. Inside, however, the 1,400 workers on a dozen floors are working in air-conditioned surroundings which would hardly discredit many European garment factories. Output flows between and along the floors according to systems devised by German production engineers, and the labour force, most of it female, is working with the latest Japanese sewing machines.

The products are mainly shirts—300,000 a month, mostly for Germany, but including some for the UK and other markets. San's customers include several big shirt names in Germany: in the UK Burton, Debenhams and British Home Stores; and in the U.S., Arrow, Eterna and Jockey. The company also makes trousers, smocks and leisurewear, again mainly for Germany, and is producing 120,000 blouses a month, some in pure silk, which will retail for more than DM 300 in Germany.

San's, part of one of Hong Kong's biggest textile groups, Winsor Industrial, is by no means typical. The bulk of Hong Kong's output of clothing comes from much smaller factories, and in some textile finishing plants the combination of hot-air drying of fabrics with an external temperature of 90 degrees still gives some meaning to the phrase sweatshop.

But if San's is an exception in some ways, it remains typical of the way in which much of Hong Kong's textile and garment industry—representing roughly 45 per cent of the colony's exports and industrial employment—is going. The "Empire Made" label, which once secured access to the British market, has long since disappeared and manufacturers are now much less reluctant to brand their goods, "Made in Hong Kong."

PILKINGTON



Concorde sunglasses by Birch-Stigma

Photochromic glass that darkens in sunlight and clears in shade. The second generation of photochromic glasses have been developed in Britain. By Pilkington. Today, Pilkington's Reactolite Rapide is the fastest photochromic glass available commercially. And we're selling it to the world.



How's that for enterprise!

Last stand

The latest moves up-market however, are taking the color into the high quality area where the garments industry in the developed countries has themselves decided to make their last stand, and pressure for further restrictions can build up, particularly if serious slowing down of world trade follows the present shortage. The U.S. has already returned to ask Hong Kong for a review of quotas made at the time of the MFA renewal, as Hong Kong's buoyant exports Britain seem certain to prove concern. "The textile industry fears that protectionism will spread against a background of low world economic growth at that it will not be allowed to participate when growth does resume," Mr. William Brown, chief manager of the Charter Bank in Hong Kong observes.

Costly fabrics

At shirt factories like San's this has meant a move into more expensive fabrics and European standards of finish. In knitwear, too, there has been a switch into higher-quality yarns and fashion designs with extra trim. Whereas ten years ago Hong Kong's knitwear was mainly Shetland wool-type garments, much of it is now lambswool and even angora, cashmere and fur blends. The textile sector has shrunk in size and now employs around 70,000, compared with 240,000 in garments.

The other main pressure which has persuaded Hong Kong to adopt this strategy is its rising cost structure. Though textile wages by European standards are low—one quarter of those of similar operators in the UK and one ninth of those in Germany—they have been rising and are substantially ahead of those in Hong Kong's main competitors in the Far East. In Asia as a whole, Hong Kong's wages are now second only to Japan and they are half as much again as South Korea, another major textile exporter.

In San's, for example, the average wage for a female worker is about HK\$1,000 a month (£100) and rates in other textile factories seem also to be in the range of HK\$900-HK\$1,200. Tax rates are low or do not apply in the case of families, most of which have several wage earners, and the cost of many basic items—transport, rice and clothing among them—is low. Average earnings have risen by around 60 per cent since 1974, and there is now strong competition for labour from other sectors of Hong Kong's buoyant economy, with some estimates putting the labour shortage as high as 100,000 in manufacturing.

Some firms are also seeking to reduce their reliance on the cost trade by developing designs of their own, though there is disagreement as to whether or not the colony can ever hope to become a fashion centre in its own right.

The industry is also aware that it has too many of its eggs in too few baskets, with no less than 70 per cent of all garment exports last year going to the U.S., Germany and the UK. The pattern of sales reflects the fact that these are still the most open markets internationally—despite the controls they operate—and the countries with the most developed retail networks. Efforts are being made to promote sales elsewhere and Japan—which last year took only 8 per cent of Hong Kong's garment exports, slightly less than Canada—is seen as a prime target.

Competition

Wages in textiles are now increasingly having to keep pace with those which men can obtain in the many construction industry projects going ahead in Hong Kong, including the new Mass Transit Railway, while the growth of service employment, the result of a hotel-building boom and rapid expansion of the financial sector, is creating attractive new jobs for women at high rates of pay. Though abuses undoubtedly do still occur, exploitation of labour, the charge frequently levelled at Hong Kong's garment sector by UK unions and employers, has become more difficult to practise.

Companies, too, have had to resort to various incentives to encourage workers to stay and to persuade them to bring along recruits. At Soco Textiles, one of Kowloon's new industrial areas, fringe benefits now include free transport to work, factory shops, medical assistance, and organised outings on holidays (now set at a statutory ten days a year).

Thus, with wages set on a rising path and as workers come to expect a continuation of the steady increase in living standards, Hong Kong would find it difficult, even if it wished, to compete to lower-priced garments. The new burden placed on the economy as a result of the inflow of refugees has merely added to the need to concentrate on higher margin products capable of generating a higher return.

It is a strategy which is so far proving successful, with garment exports last year rising by around 7 per cent in volume and 13 per cent in value, and with sales overseas in the first three months of this year showing a more dramatic rise of 30 per cent by value. Yet the success of Hong Kong's textile

sector—its great Chinese conundrum as far as Western manufacturing rivals are concerned—perhaps poses the greatest threat to the industry, as the major groups now realise. The garment industry growth has been based on a simple but effective formula, being able to produce exact what the West wants on time and it is this which persuaded the big buying groups to keep returning, sometimes in spite of somewhat higher prices elsewhere in the region.

In knitwear, for example, buyers from the West descend once or twice a year on the Hong Kong associates who sketches of garments they want produced or with a garment they want modified. "Hong Kong's stock-in-trade is believed to come up very quickly with samples and then more quickly in bulk production," Mr. Oliver Nicholl, director, Hillwin Enterprises, points out. Hong Kong companies have also been adept at moving very quickly into expanding areas and out of declining ones.

The latest moves up-market however, are taking the color into the high quality area where the garments industry in the developed countries has themselves decided to make their last stand, and pressure for further restrictions can build up, particularly if serious slowing down of world trade follows the present shortage. The U.S. has already returned to ask Hong Kong for a review of quotas made at the time of the MFA renewal, as Hong Kong's buoyant exports Britain seem certain to prove concern. "The textile industry fears that protectionism will spread against a background of low world economic growth at that it will not be allowed to participate when growth does resume," Mr. William Brown, chief manager of the Charter Bank in Hong Kong observes.

The industry's response to the problem of labour shortage will also be crucial. The arrival of around 200,000 Chinese and Vietnamese refugees this year so far has created a potential new source of labour but the are difficulties, some firm claim, in motivating immigrants from Communist countries reach the required levels of productivity and quality.

One solution to both the quota and labour problem likely to be the creation of further satellite manufacturing operations overseas, a process already underway. Hong Kong capital is already behind ventures in Macao, Malaysia, Singapore and other nearby states, and moves have begun to further afield, to Sri Lanka, Mauritius, and even Latin America.

It seems likely, too, that Hong Kong will eventually want to tap the labour pool available in China, which is already a major supplier of certain types of fabric, including corduroy, the current fashion fabric, Hong Kong.

Some firms are also seeking to reduce their reliance on the cost trade by developing designs of their own, though there is disagreement as to whether or not the colony can ever hope to become a fashion centre in its own right.

The industry is also aware that it has too many of its eggs in too few baskets, with no less than 70 per cent of all garment exports last year going to the U.S., Germany and the UK. The pattern of sales reflects the fact that these are still the most open markets internationally—despite the controls they operate—and the countries with the most developed retail networks. Efforts are being made to promote sales elsewhere and Japan—which last year took only 8 per cent of Hong Kong's garment exports, slightly less than Canada—is seen as a prime target.

But although the colony is developing new areas of expertise and new markets, the dominance of the sector with its overall manufacturing base is a cause of some concern, as efforts are continuing to develop other sectors. The report of a special committee on diversification is expected in September and is expected to recommend search for more inward investment, with the Trade Development Council, which already has branches throughout the world, playing an important role. The colony is likely to be looking, in particular, for high-technology companies which can separate out part of their production location in Hong Kong.

The problem in the past has been that textiles has continued to grow as fast as all other sectors of the economy, despite the restraints put on it, and as a result has stubbornly maintained its near 50 per cent share of exports and employment. Whether this will prove to be the case yet again depends on whether the various constraint textile manufacturers now face do emerge. On past evidence, however, there is clearly a good chance that the next decade will see textiles and clothing adapting very successfully yet again to world trading conditions.

Handwritten signature or mark at the bottom of the page.

INTERNATIONAL COMPANIES and FINANCE

AMERICAN NEWS

DC-10 groundings give TWA sharp profits boost

JOHN WYLES IN NEW YORK

THE grounding of the DC-10... putting considerable... on the domestic airline... It is also bringing large gains estimated at \$4m to one of its financially carriers, Trans World...

It seems that TWA is gaining roughly 12m revenue passenger miles per day because of the DC-10 grounding. This is generating about \$3m a day added revenues and \$4m a week operating earnings allowing for variable costs," he said yesterday.

TWA lost \$60m in the first quarter and might have been heading for a \$40m loss this time. Meanwhile, the other trunk airlines affected by the grounding have, like United, cancelled their schedules to cope with the grounding. National Airlines and Continental Airlines have been forced to pull out of some routes altogether.

GM INVESTMENT IN BRAZIL

The shift towards multi-fuel engines

BY RIK TURNER IN SAO PAULO

IN A general discussion of the investment by General Motors of \$600m in its Brazilian subsidiary, Mr. Joseph J. Sanchez, president of GM do Brazil, said that there had been "a shift in priorities, so that today the main emphasis is on the petrol station... as more important than the durability of the engine."

The new engine for the new "world car" will be produced at the deactivated DDAE (Detroit Diesel Allison do Brasil), the car itself will be manufactured at the company's factory in Sao Caetano do Sul, in Sao Paulo City's industrial zone.

The new engine will have an initial production rate of 330,000 per year with between 230,000 and 250,000 being exported, primarily to Germany and the UK. GM's German plant will also be producing the new engines, along with...

Today, the customer sees his trip to the petrol station as more important than the durability of the engine. — Joseph Sanchez, president of GM do Brazil.

energy alternatives, and as Mr. Sanchez explained, the location of one of the engine production centres in Brazil, besides being motivated by low labour costs and prospects of a stable political future, has a lot to do with the national alcohol programme. This seeks to reduce Brazil's heavy dependence on petroleum imports by replacing petrol in road transport by hydrated ethyl alcohol produced from sugar cane.

CNB forecasts record results

LOTTE — CNB Cor...

holding company for Carolina National Bank, a record profit in 1979 modest increase in its 1978. Mr. William H. Jr., the president said. "We are looking for...

a substantial increase" over the record 1978 profit of \$33.5m or \$2 a share, which included \$422,000 in securities losses. "We have no quarrel" with analysts' estimates of full-year earnings of more than \$2.55 a share. But "we cannot verify them either."

will at least match and is likely to exceed first-quarter earnings. Profit then totalled \$10.6m or 62 cents a share, which included \$45,000 in securities gains. Last year in the second quarter CNB earned \$8.6m or 51 cents a share after \$28,000 in securities losses.

IBM and Merck join Dow Jones Average list

BY OUR NEW YORK STAFF

COMPOSITION of one of the leading indicators of New York Stock Exchange trading, the Dow Jones Industrial Average, is being changed today for the first time in 20 years.

to be represented in the average. The new list of stocks comprising the average is: Allied Chemical, Aluminimum Co., American Brands, American Can, American Telephone and Telegraph, Bethlehem Steel, Du Pont, Eastman Kodak, Exxon, General Electric, General Foods, General Motors, Goodyear, Inco, IBM, International Paper, Johns Manville, Merck, Minnesota Mining and Manufacturing, Owens-Illinois, Procter and Gamble, Sears and Roebuck, Standard Oil of California, Texas, Union Carbide, United Technologies, U.S. Steel, Westinghouse Electric, and Woolworth.

EUROBONDS Fight terms for World Bank

BY FRANCIS GHILIS

THE VOLUME of new D-Mark denominated bonds during the four weeks to July 23 has been set by the German capital markets sub-committee at DM 580m. This includes the DM 400m 12-year issue for the World Bank announced by Deutsche Bank yesterday. Two other issues are scheduled, DM 150m for Brazil and a DM 30m private placement for a U.S. industrial name, both through Deutsche Bank.

reasonable size of the new issue calendar. In the secondary market, seasoned issues posted further gains. In the dollar sector of the market, \$150m 12-year issue for the European Coal and Steel Community to be offered in Japan (\$50m) and Europe (\$70m), will be jointly led by Daiwa Securities and S. G. Warburg. The bonds carry an interest rate of 10 1/2 per cent for the first two years, falling to 9 1/2 per cent for the remainder. The issue price will be 99 1/2 and the bonds will have an average bullet maturity of 12 years—the issue was quoted at a discount of only 1/4 of a point in early pre-market trading. The friendly welcome extended to the issue car also explained by the

issued by Chase Manhattan Bank S.A. The EDRs will be issued at a discount from the closing price of ordinary Tokyo Department Stores shares on the Tokyo Stock Exchange on July 11. The closing price of the shares yesterday was ¥10. Meanwhile, in New York, Canon Incorporated of Japan will offer an \$80m convertible debenture through a group of banks led by Goldman Sachs and Co. The offering date is in early August. This issue includes a bullet maturity of 15 years. The latest Luxembourg franc-denominated bond offering is a LuxF 500m 10-year issue for Eurofima. Indicated terms of this issue, which is led by Kredietbank Luxembourg, include a coupon of 8 1/2 per cent and an average life of 9.5 years.

Edge grants injunction to Asbestos

OBERT GIBBENS IN MONTREAL

UBECQ superior court has issued a temporary order prohibiting the Pro-Government from using anti-passed expropriation legislation for a takeover of Quebec assets of a Corporation. Government passed the

legislation last week, and Asbestos Corporation and its parent company, General Dynamics Corporation of the U.S., immediately challenged its constitutionality in the superior court, asking for a temporary injunction before

the issue of constitutionality can be decided. The injunction, which Asbestos Corporation's lawyers claimed was the first granted against the Quebec Government in the history of the province, is effective until July 6.

\$135m bill for reactor deficiencies

By David Fishlock, Science Editor

GENERAL ATOMIC, the nuclear company owned jointly by Royal Dutch Shell and Gulf Oil, is paying one of its customers \$135m for deficiencies in the performance of a nuclear reactor at Denver, Colorado. The reimbursement consists of \$60m in cash, which has just been paid, and a further \$75m in deferred payments.

Strong fourth quarter for Pillsbury

NEW YORK — Pillsbury Company, the food and restaurant group, reports strong growth in its fourth quarter, to May 31, results with an advance from \$474.6m to \$796.9m in sales, and a 15.6% increase in net profits from \$115.6m to \$211.9m, equal to \$1.11 per share compared with 89 cents.

Profits for the full year are ahead from \$72.51m to \$83.47m, or from \$4.14 to \$4.62 per share on sales of \$2.16bn against \$1.7bn. Shares in issue averaged 18.1m compared with 17.5m. Results for 1978-79 include \$154m in sales and about \$5m in earnings, after adjustment for interest costs, from the acquisition of Green Giant Company in February, which is accounted for as a purchase. The 1977-78 net profit figure includes a gain of seven cents a share from discontinued operations, Renter.

McCormack offer

Moore McCormack Resources has increased its takeover offer for Florida Mining and Refractories to \$48 a share, agencies report from New York. The bid followed swiftly a \$45 a share offer from Kaiser Cement.

Gulf-Uniroyal Gulf and Western Industries has sold a majority of its 1.5m Uniroyal shares and plans to dispose of the rest. Reeler reports from New York. Gulf made an off-the-record sale of 823,100 shares at \$6.25 apiece.

Corning Glass growth

Corning Glass Works, the specialty glass concern, raised its net profits for the first half to June 17, to \$74m, or \$4.17 a share, from \$52.20m, or \$2.95 a share, in the same period last year, agencies report from New York. Sales rose to \$669.3m from \$587.9m.

Data General ahead Data General, the small computers company, increased net profits for the first nine months to June 9 by 40.4 per cent to \$36.5m, equivalent to \$2.55 a share, from \$26m, or \$2.00 a share, in the first three-quarters of 1977-78, agencies report from New York. Sales were 37.2 per cent up to \$336.6m, from \$245.4m.

Bay-Simons terms

Hudson's Bay and Simons said that both Boards have agreed to merger arrangements in which Simons' shareholders will receive 0.75 Hudson's Bay share for each eight shares held or \$23.40 in cash and one preferred share, reports Reuter from Toronto.

T INTERNATIONAL BOND SERVICE

List shows the 200 latest international bond issues for which an adequate secondary market for further details of these or other bonds see the complete list of Eurobond prices published second Monday of each month.

Table with columns: Issued, Bid, Offer, Change on week, Yield. Includes sections for LAR, OTHER STRAIGHTS, FLATING RATE, CONVERTIBLE, and STRAIGHTS.

Highlights of the 1978-1979 financial year:

- The Kredietbank showed continued growth in the international field, so that the expansion which has already lasted for two decades went ahead unabated. The increase in the volume of international business was based primarily on a network of over 2,000 banking correspondents throughout the world.

Some significant figures from the balance sheet at March 31

Table with columns: 1979, 1978, 1975, 1970. Rows include Capital and reserves, Working funds, Profit for the financial year, Balance-sheet total, Net dividend (FB), Number of staff, Number of branches.

International activities give impetus to the Kredietbank's further growth

phical spread of which covered mainly Europe (including Eastern Europe) and America. On the Eurobond issue market, the KB group succeeded in holding its own, despite the diminished level of activity: it acted as manager for 19 issues, against 7 in the previous year. The KB also participated in 107 bond loans as underwriter and was member of the selling group for 347 others. The bank provided a great many foreign companies with information about Belgium and the investment opportunities there.

Head Office

Table with columns: Head Office, Branches, Subsidiaries, Affiliated Bank, Representatives. Lists locations in Brussels, New York, London, and Luxembourg.

Member of the Inter-Alpha Group of Banks

SOLVAY in 1978:
diversification of activities
and proficiency of techniques



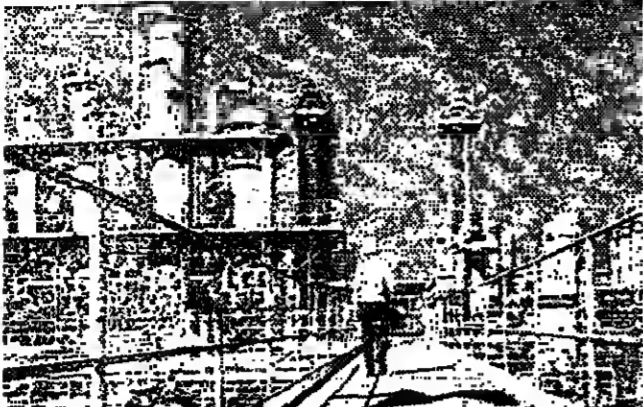
GROUP GENERAL SITUATION

SLIGHT IMPROVEMENT
In 1978 the initial months featured a slight improvement in activity. After a winter period, sales picked up again, but the trend showed lower prices continued during most of the year. This factor, combined with the depreciation of most currencies, led to a reduction in turnover to about 5%. Thus, larger capitalizing the benefits of foreign exchange.

CONFIDENCE IN THE FUTURE
Our policy aimed at strengthening plants and increasing productivity, but started to pay off. We achieved certain objectives in energy saving and process improvement. We are following this up and are becoming involved in developing new sectors to maintain a balance in the life span of our products. The future of pharmaceuticals, with chemistry and biochemical processes, seems to be encouraging.

DEVELOPMENT AND DIVERSIFICATION

A new polyethylene unit and a continuation in research, but percentage chemicals units are being built on the same site and another one, also, brought on stream in Brazil. Construction work on a steam cracker is being advanced in the United States, in cooperation with two partners.



CONSOLIDATED KEY-FIGURES

	1978	1977
Sales	95,122	90,570
Research expenditure	2,850	2,405
Financial expenditure	28,064	25,837
Capital expenditure	8,512	7,320
Cash flow	10,446	9,864
Profit for the year*	3,258	2,675
Profit per share (pence)	395	306
Net dividend	200	200
Dividend yield (%)	2,744	2,125

*Dependent on Solvay's shareholdings

OUTLOOK
Until now, our policy of product and market diversification has been profitable. With technological proficiency it enables us to feel optimistic about the future.



Copies of Solvay & Cie's complete annual report for 1978 are available in French, Dutch, English or German on request to Solvay & Cie, Secretariat General, rue du Prince Albert 33, B-1050 Bruxelles.

FRENCH BALL BEARING INDUSTRY

SNR looks to exports for growth

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

FRANCE IS ONE of the most price-conscious markets for bearings, but there is evidence that prices started to recover a little in the first half of this year. This is an important factor in the expectation of Societe Nouvelle de Roulements (SNR), the bearings subsidiary of Renault, that it will return to small profit this year on a projected turnover of FFfr 18.5m (\$18.38m). Last year the company, which sells 70 per cent of its output on the home market, made a loss of FFfr 26m. But the export expansion policy to which SNR is firmly committed is now beginning to pay off, and sales outside France have played a significant part in boosting turnover in the first half of 1979.

Over the past few years, SNR has set up sales companies in Britain, Germany, Italy along with Spain, the U.S. and the Argentine. Some 58 per cent of export sales are made through these companies, of which nearly 80 per cent are in Europe. A further 21 per cent are sold directly from France, 17 per cent are supplied to Renault outside France, and between 4 and 5 per cent of exports are accounted for by industrial agreements.

SNR's reason for building up its foreign presence is that it believes there is a limit to the amount by which it can increase its share of the home market. It has a 22.9 per cent share of the French market (17 per cent in 1970), making it number two to which is the world's largest bearing manufacturer SKF, the Swedish-based groupings company. SNR is younger than SKF in France. The company dates back to 1945, when Renault purchased a bearings factory in Anancy, in the French Alps, from its Swiss owners. Its development has been linked closely with that of Renault, and it still supplies about 85 per cent of its parent company's bearings requirements, representing about one third of SNR's total production. Although SNR is required by Renault to be self-financing, this close association has undoubtedly enabled it to plough

back profits at a time when public companies like SKF had its shareholders to think about. The result is that SNR is one of the most efficient bearings manufacturers in Europe. Production workers total only 2,800 at five factories in France, interested in manufacturing outside France, and views its concentration in one part of France as a definite strength. SNR's expansion policy is twofold: exports, and to build up a more extensive range so that it is less dependent on the motor industry. Paradoxically, the strength of its reputation in the motor industry is a key factor in expanding exports. It is already supplying, or is soon to supply, Volkswagen, Fiat, Ford, Daimler-Benz, Audi, Alfa-Romeo and Vauxhall. SNR marketing managers regard these contracts as a distinct achievement, but having gained an entry to these major motor manufacturers, they do not want to become a first source of supply. To supply Renault on this basis is sufficient. Last year, 55 per cent of SNR's output went to the automotive industry in France—50 per cent. The aim is to supply other OEMs (original equipment manufacturers) outside the industry, but to do this SNR has to introduce more types of bear-

ings, and more variants on its existing range. As well as the automotive customers, it is an important source of bearings for the French aerospace industry, but in machine tools, for example, its sales are very small. The bearings industry is suffering from worldwide overcapacity, which has been aggravated by the Japanese, and more recently the East Europeans. SNR estimates that the Japanese share of the French market, however, has fallen by about 30 to 40 per cent, so that they now have about 8 to 7 per cent of the market (about the same as in the UK). The East Europeans have about 5 to 6 per cent. Concern at Japanese competition has lessened as a result, and SNR is determined to pursue an expansionist policy. In this, it has been, and will be helped by the relative strength of the French automotive industry. But it clearly intends to expand beyond these industrial and national frontiers.

Sgi sale of hotel stake confirmed

By Paul Betts in Rome

ITALY'S largest private construction and property group, Societa Generale Italiana (SGI), confirmed yesterday it was negotiating the sale of its 41.7 per cent controlling interest in the Ciga luxury hotel group to the U.S. Dunfee Hotels company controlled by Aer Lingus, the Irish national airline. The sale of Ciga has been at the centre of a controversy in the last few weeks following SGI's announcement last month that it was selling its stake for L61bn (\$732m) and persistent denials of the deal on the part of Aer Lingus. But at the property group's annual meeting yesterday, Sig. Arcangelo Belli, the deputy chairman, confirmed that his company "accepted last May an offer of L61bn made by Dunfee's chief executive for SGI's holding in Ciga. Payment would in part be made in cash and in part in bank guaranteed tranches."

France regroups watch industry

BY TERRY DODSWORTH IN PARIS

THE FRENCH authorities have succeeded in putting together an elaborate reorganisation plan for the country's clock and watch-making industry after virtually a year of bargaining. This emerged yesterday in two developments which made it clear that the main vehicle for the restructuring will be Matra, the high technology missile and aerospace company, which began to diversify recently into electronic component manufacturing. Matra is to take a controlling interest of 38 per cent in Jaz, a watch and clock group which began to rationalise the industry a year ago with the help of state finance. Jaz was controlled by the Empain-Schoeider group. This acquisition follows Matra's month-old move into Jaeger the French vehicle instrumentation group which recently launched its own attempt to move into the clock and watch making sector with a bid for Yema, a Besancon-based company which has estab-

Belgian airline in the red

By Giles Merritt in Brussels

SABENA, the Belgian national airline, has revealed further losses for 1978: in spite of a perceptible improvement in passenger and cargo traffic. Although Sabena for the first time topped the 2m passenger mark and recorded an increase of almost 12 per cent in cargo business, the depreciation of the U.S. dollar in relation to the Belgian franc during 1978 contributed to the airline's continuing deficit. The Belgian flag carrier, which is 95 per cent state owned, has failed to show a net profit since 1970-71. It is currently in the throes of a cost-cutting programme and for 1979 has managed to reduce its total losses. But the burden that Sabena itself has to bear has worsened considerably. For once the Belgian state's statutory contribution is deducted from the overall losses, the airline's operating deficit rises from the 1977 level to Bfr 990m to reach Bfr 1,185m. The worsening position has been largely attributed by Sabena to further deterioration in its currency exchange position, with an extraordinary cost to the airline last year reaching Bfr 732m as against Bfr 126m in 1977. Industrial holdings accounted for one quarter of 1978 sales in the Sabeevan group but yielded only SKr 2m in pre-tax profit, since the SKr 10.1m in earnings contributed by the Hasselblad Camera Company was outweighed by the losses from the now-terminated unsuccessful foreign venture by Kamas, a company that makes farm storage equipment. During January-April 1979 Ekman's pre-tax earnings were SKr 3.8m, down from SKr 5.2m a year earlier, due to a major drop in turnover. Hasselblad and the house-manufacturing company Fogelfors helped pull up industrial sector earnings to SKr 3.3m against a pre-tax loss of SKr 2.4m in the first four months of 1978.

Peak result from Irish Shipping

By Stewart Dalby in Dublin

IRISH SHIPPING, the State controlled shipping line, had an excellent year ending on March 31, 1979. The rise in pre-tax profits is one of from £1.3m to £3.01m. This is the highest profit the group has achieved. The growth appears to have come from very good business on the company's passenger and car ferries as well as the satisfactory year in dry cargo business. Irish Shipping has six modern bulk carriers totalling 158,467 dwt. The main subsidiary, Irish Coöfenal Line, experienced strong growth with passengers and passenger cars increasing by 38 and 44 per cent respectively. However, despite the bad oil situation dry cargo also did well. Turnover increased only marginally from £21.4m to £24.1m; however a low tax payment helped profit margins to increase from 6.1 per cent to 12.8 per cent.

Finnish foreign investment dips

BY WILLIAM DULLFORCE IN STOCKHOLM

NET FOREIGN investment by Finnish companies declined by 45 per cent last year but still exceeded substantially the net inflow of foreign capital. The outflow from Finland was FM 257m (\$86m) against an investment inflow of FM 141m, according to figures released by Finnfacts, the Information Office for Finnish Industry. More Finnish companies established subsidiaries abroad in 1978 but the amounts invested were in most cases fairly small, a reflection both of the depressed financial situation of many Finnish concerns and their desire to boost exports. Nearly 60 per cent of Finnish companies' investments went to the EEC countries with Finland's EFTA partners receiving only 17 per cent. Of the total net outflow, some FM 100m was invested in production facilities, FM 64m in sales subsidiaries and FM 93m in other operations. By the end of 1978 Finnish companies held at least 20 per cent of the share capital in 861 foreign subsidiaries, of which 15 per cent were engaged in some form of manufacturing. The bulk of foreign investment in Finland last year, some FM 136m went to sales companies, Swedish, British and Dutch companies predominated, each accounting for about 20 per cent of the total net investment. Dividend and interest payments from Finland exceeded net foreign investment by FM 18m. SAEFVEAAN, the Gothenburg-based trading, industrial,

Shell Nederland Chemie optimistic

THE HAGUE — Shell Nederland Chemie is moderately optimistic on 1979 results, according to the company management.

The company made a profit in the first quarter of the current year, but gave no figures with April and May showing a further improvement after losses of more than Fl 100m (\$49.5m) in 1978, it said. Results for Shell Nederland Raffinaderij continued to improve in the first quarter after a profit of some Fl 10m to Fl 15m in 1978. The improvement was mainly due to stock appreciation following the group's first-in first-out stock accounting method. Reuter

This announcement appears as a matter of record only

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Banque Exterieur d'Algerie
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Seattle-First National Bank
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Continental Illinois National Bank and Trust Company of Chicago
Bank of Scotland
Barclays Bank International Limited
First City National Bank of Houston
Seattle-First National Bank
The Cleveland Trust Company
Dresdner Bank AG, (Grand Cayman Branch)
Nomura Europe N.V.
Anglo-Romanian Bank Limited
Banque Internationale pour l'Afrique Occidentale "B.I.A.O."
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Interest Lender & Paying Agent
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CONTINENTAL ILLINOIS LIMITED
June, 1979

U.S. \$25,000,000
Floating Rate Notes Due 1989

UNITED OVERSEAS BANK LIMITED
(Incorporated in the Republic of Singapore)

III

In accordance with the provisions of the Notes, notice is hereby given that for the three month interest period from 28th June, 1979 to 28th September, 1979 the Notes will carry an Interest Rate of 11% per annum. The relevant interest payment date will be 28th September, 1979 and the Coupon Amount per U.S. \$1,000 will be U.S. \$27.31.

Credit Suisse First Boston Limited
Agent Bank

Sales rise 7% this year for German paper group

BY GUY HAWTIN IN FRANKFURT

FELDMÜHLE, one of Europe's largest paper and carton-making groups, has seen sales rise 7 per cent during the first five months of the year compared with the same period of 1978. Production during the five months rose 8 per cent to 330,000 tonnes, said the group. Overall, Feldmühle's management is expecting the "positive developments" of the first half to continue into the rest of the year "if not entirely at the same tempo." The group, which is wholly owned by the Flick concern, appears to be doing considerably better than in 1978. The external sales of the West German operations increased last year by just 0.8 per cent to DM 1.78bn (\$970.8m). Consolidated figures, including those of the Feldmühle foreign interests, show an even lower growth figure. Consolidated external sales went up by just 0.3 per cent to DM 3.02bn (\$1.64bn).

SMITHS INDUSTRIES LIMITED

Through a US subsidiary
Smiths Industries Inc.
Clearwater, Florida

has acquired
Concord Laboratories Inc.
Keene, New Hampshire

SMITHS INDUSTRIES: manufacturers of aerospace, vehicle, marine, tubing, medical, air moving and hydraulic equipment; car radio and stereo, liming products, organic and industrial instruments; and distributors of parts and accessories for vehicles and for industrial plant and machinery.

INTNL. COMPANIES and FINANCE

McEwans rejects 27m takeover from Repco

ROGERS IN SYDNEY

A major Australian parts supplier, launched an A\$27m takeover bid for the hardware retailer, only to see it rejected last week. Last week announced that McEwans had a link with Tirc, the major motor accessories retailer. The move into hardware and general retailing, allied as it is with automotive interests—is a natural step for Repco and compatible with its skills in warehousing and distribution, Repco directors said. "Repco also regards the introduction of the Canadian Tire company into McEwans very favourably and considers the present expertise of management within McEwans, allied with two large international companies, will provide an excellent platform for future growth." Last week it was announced that Canadian Tire had taken an equity stake in McEwans through a convertible note issue. McEwans executives intimated at the time that further technology co-operation between the companies could be expected.

Profits rise at Matsushita despite fall in exports

TOKYO—Matsushita Electric Industrial Company raised its first-half net profits by 17 per cent to a record ¥30,844bn (¥143.4m), at the parent company level, from ¥26,355bn in the same period last year. Sales for the six months to May 20 rose at the slower pace of 7.2 per cent, to ¥306,020bn (¥3,760m)—also a record—from ¥281,600bn. The interim dividend is unchanged at ¥8. Operating profits showed a gain of 8.6 per cent to ¥54,500bn, and Matsushita expects this rate of growth broadly to be maintained in the second-half, to bring the full year's operating

profits to ¥112,500bn, or some 9 per cent more than in 1977-78. Sales for the full year are forecast to increase 7 per cent, to ¥1,706bn. Matsushita's first-half exports fell by 17 per cent to ¥131,900bn—as a result of the fluctuations in the yen in the foreign exchanges, import restrictions by some importers, and growing competition from newly industrialised developing countries, the company said. Domestic sales, on the other hand, rose by 14 per cent to ¥574,100bn, with consumer demand said to be especially higher for colour television sets,

video taperecorders, communication equipment, air-conditioners and refrigerators. Sales of wireless electric products totalled about ¥358bn, for a gain of 2 per cent, those of home electric appliances, increased 12 per cent to ¥287bn, batteries and related products rose 10 per cent to ¥41bn, while lamps and tubes gained 15 per cent to ¥31bn, motors and related parts 12 per cent to ¥30bn, and sales of other products 8 per cent to ¥36bn. Profits per share were ¥26.05, against ¥24.61. Agencies

Interlocking holdings unwound

BY WONG SULONG IN KUALA LUMPUR

PACIFIC DEVELOPMENT Credit and Central Securities—two actively traded companies on the Kuala Lumpur Stock Exchange, which are controlled by the Malaysian businessman Datuk Loy Hean Heong and associates—have announced a series of sales and purchases that would unlock their cross holdings and split them into independent groups. The deal, apparently done at the suggestion of the Malaysian Government authorities, has in-

volved PDC selling its 32 per cent stake in Central Securities, of 7.48m shares of one ringgit each for 8.72m ringgits (U.S.\$4.5m) to Syarikat Cahaya Muda Perak. With the sale, Datuk Loy and three of his associates have resigned from the board of Central Securities, leaving only one other associate, who will leave once full settlement has been made. PDC will also sell to subsidiaries of Central Securities its 2.9m shares of one ringgit each in Landbank and its 217,000 shares of one ringgit each in General Comma, at par value. In return, PDC will buy from Central Securities and its subsidiaries 20,000 shares of one ringgit each in PDC Management Sdn. Bhd., and 127,500 shares of one ringgit each in Elbipi International (S) Pte at par value. Together with the sale, PDC and Central Securities have also announced their results. The

PDC group made a pre-tax profit of 3.5m ringgit (U.S.\$1.6m) for the first six months, ending March, compared with a pre-tax profit 1.6m ringgit in the previous comparable period. Most of the profits came from its subsidiary, Malaysia Borneo Finance, while the parent company suffered a loss of 1.4m ringgit. The Central Securities group made a pre-tax profit of 590,000 ringgit for the 16 months ending September 1978, compared with a profit of 4.1m ringgit for the 12 months ending May, 1977 accounting period. But an extraordinary item of 5.5m ringgit gave the group a net profit after-tax of 4.7m ringgit during the 16 months, compared with a profit of 970,000 ringgit for the year of 1977. The statement issued did not explain the computation of the 5.5m ringgit extraordinary item.

KONG BANK

Change in the profits mix

HONGKONG AND Banking Corporation's own its own banking excluding dividends and associates, by about 50 per cent to reach some an analysis of group sets shows. In comparison the HSBC disclosed attributable (officially announced undisclosed transfers reserves) rose by 39 to HK\$728m, and company profit rose 38 to HK\$592m. It was thus the first years that the Hongkong's own growth in profits outstripped that of its banking subsidiary, which owned Hongkong Seng profits rose 35 per cent to n. Two factors for the change of year. Firstly, Hongkong advances grew by 45 compared with Hang per cent. As Hongkong Bank's loan growth outside Hong Kong was much slower than within Hong Kong, it appears that the bank's lending in the Colony last year jumped even more rapidly than bank lending in Hong Kong in liquidity mostly in local currency assets. Despite the Hongkong Bank's profit improvement last year, its return on total banking assets was still only about 0.5 per cent, less than a third that achieved by its very efficient, low expense subsidiary, the Hang Seng. Other significant items in the HSBC group balance sheets are: ● A HK\$30m profit gain from HK\$10m to HK\$40m from Wardley Australia. ● A fall in profits of the British Bank of the Middle East from £6.7m to £4.8m. ● A US\$4.2m profit from the Hongkong Bank of California, which has now been sold to make way for the intended acquisition of Marine Midland Bank. ● A slight fall from HK\$77.7m to HK\$74.7m in profits of Wayhong Investment, the subsidiary which holds the HSBC interests in Sir Yue-Kong's World Wide Shipping Group and in Cathay Pacific Airways.

PHILIP BOWRING, in Hong Kong, analyses the profits breakdown of Hongkong and Shanghai Banking Corporation, which has this week made a surprise move in its bid to merge with Marine Midland Banks. general, which was up by 45 per cent. Secondly, it is believed the Hongkong Bank would have made foreign exchange gains from the liquid assets it holds overseas because of the decline of the Hong Kong dollar. Other Hong Kong banks keep their


OVENSTONE INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)

ANNOUNCEMENT OF PROPOSED RIGHTS ISSUE

The directors of OIL propose that a rights issue of ordinary shares be made by OIL. An application will be made to The Johannesburg Stock Exchange and The Stock Exchange, London for a listing in respect of the new ordinary shares to be issued. The purpose of the issue is primarily to provide capital for the continued expansion of the group's international investments, held through Canadian Ovensstone Investments Limited, for which the relevant permission has been obtained from the authorities. In this regard investments have been extended to: 1. Australia, where an associated company is pioneering the development of the pelagic fishery as an extension of its existing tuna business; and 2. South America, where an already highly profitable associated company in Chile is engaged in an expansion programme in processed fish for human consumption. This incorporates the construction of canneries and freezing facilities. These developments should compensate for the reduction in SWA/Namibian cannery output. The board of directors do not expect that the full benefit of the funds being raised will be experienced during the current financial year but anticipate that, subject to unforeseen circumstances, profits for the financial year ending February 1980 should improve and it is envisaged that the final ordinary dividend will not be less than 1.5 cents per share. (Total for the year 3.0 cents). The deployment of funds in the group's international fishing investments will place it in a strong position to take advantage of opportunities in the international fishing industry and related activities on a partnership basis. Furthermore, the previous high level of earnings retention in the associated companies overseas should not be necessary and group policy, as regards dividend cover could be relaxed. This, together with the growth potential inherent in the international investments should enable the ordinary dividend to increase over the medium term. That portion of the funds being raised, not immediately destined for the group's international investments, will be utilised to further improve the group's financial structure domestically. The issue price of the ordinary shares and the number of shares to be issued will be determined by the directors and will be announced in the press approximately one week prior to the opening date of the issue. All ordinary members listed as such on 20 July 1979 ("the record date") will be entitled to participate in the rights issue and those members registered as being the holders, on the record date, of either 8.5 per cent convertible redeemable cumulative preference shares of R1 each ("8.5 per cent") or 11 per cent convertible redeemable cumulative preference shares of R1 each ("11 per cent") will also be entitled to participate in the rights issue, in terms of the special rights and conditions attached to these shares, on the following basis— (a) 8.5 per cent For every 100 such shares held they will be entitled to participate as if they were the holders of 25 ordinary shares. (b) 11 per cent For every 100 such shares held they will be entitled to participate as if they were the holders of 80 ordinary shares. The documents concerning the proposed rights issue are in the course of preparation and a further announcement will be made as soon as possible. It will be necessary for the authorised share capital of OIL to be increased for the purpose of the proposed issue and a general meeting of members is to be held at 10h00 on 19 July 1979 at the Council Chamber of the Cape Chamber of Industries, 5th Floor, Broadway Industries Centre, Forest Road, Cape Town. A circular to members concerning this general meeting is being posted today. If, for any reason, any of the above dates are altered, members will be advised accordingly.

BARCLAYS NATIONAL MERCHANT BANK LIMITED
(Registered Merchant Bank) incorporated in the Republic of South Africa.
27 June 1979

This announcement appears as a matter of record only. June 1979


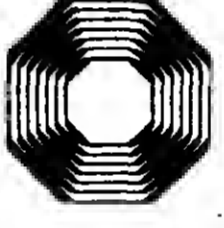


Nationale-Nederlanden
D.Fls. 188,000,000
Multicurrency Term Loan

Orion Bank Limited
Bank Mees & Hope NV
The Royal Bank of Canada (London) Limited
Westdeutsche Landesbank Girozentrale

F van Lanschot Bankiers (Curaçao) NV
Nederlandsche Credietbank (Overseas) NV

Arranged by
Orion Bank Limited

C.A. La Electricidad de Caracas
\$120,000,000 medium-term Euro-dollar loan

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COMPAGNIE FINANCIERE LUXEMBOURG	

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BANK MEES & HOPE NV	BANK MORGAN LABOUCHERE N.V.
BANQUE EUROPEENNE DE TOKYO	THE DAIWA BANK, LIMITED
THE FUJI BANK, LIMITED	GIROZENTRALE UND BANK DER OSTERREICHISCHEN SPARKASSEN AKTIENGESELLSCHAFT
INTERNATIONALE GEZELLSCHAFTSBANK AG	
THE MITSUBISHI BANK, LIMITED	LANDESBANK RHEINLAND-PFALZ UND SAAR INTERNATIONAL S.A.
SAUDI INTERNATIONAL BANK	THE SANWA BANK LIMITED
Al-Bank Al-Saudi Al-Ahmed Limited	SOPIS LIMITED
UBAF ARAB AMERICAN BANK	

AGENT:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

This announcement appears as a matter of record only. June 1979

WORLD STOCK MARKETS

Companies and Markets

Wall St. takes oil price rise in its stride

INVESTMENT DOLLAR PREMIUM... Effective 12.690 12% (12 1/2%)... HOLSTERED BY strength in Energy issues.

After rising 25 to 844.77, the Dow Jones Industrial Average partially reacted to \$43.04 for a net gain of 2.52, while the NYSE All Common Index finished 32 cents up at a new 1979 closing peak of 856.35.

They also said that with the recent quarter drawing to a close, institutional investors were active in the market as evidenced by a large number of block trades.

Charles Schultz, chairman of the Council of Economic Advisors, said it was premature to say the U.S. had entered a recession.

Carver Administration officials estimated that price increases by OPEC, including Thursday's auction will add a percentage point to the inflation rate to 1979 and in 1980.

The Administration also estimated that unemployment would be 550,000 higher by the end of 1979 and 1,500,000 higher in 1980.

After the close the Federal Reserve reported the U.S. Basic Money Stock rose \$400m to the latest reporting week, well within the market's range of expectations.

Railroad, Financial, Gaming and Takeover stocks joined with the Energy group in the advance, while Basic Industry issues firmed and some Computer shares rose.

Exxon added \$1 at \$53.1, Atlantic Richfield \$1 1/2 at \$67.1, Standard Oil (Indiana) \$1 at \$66. Standard Oil (Ohio) \$1 at \$55.1.

Royal Dutch Petroleum \$1 at \$74.1, active Louisiana Land and Exploration \$1 at \$33.1, active Texaco \$1 at \$27.1, and Superior Oil \$9 at \$43.0.

Heavily traded Gulf Oil picked up \$1 to \$27.1, a block of 345,000 shares moved at \$27.1.

Among the Railroads, Burlington Northern gained \$1 to \$54.1, St. Louis and San Francisco \$2 to \$61.1, Rio Grande Industries \$2 to \$48.1 and Union Pacific \$1 to \$68.1.

In the Basic Industries, U.S. Steel Bethlehem Steel, Kennecott Copper, Phelps Dodge, Alcoa and Alcan Aluminum each eased. But Arco rose \$1 to \$21.1.

BankAmerica, Citicorp and J.P. Morgan each firmed, while Chase Manhattan advanced 3/4 to \$38.1.

Hecla Mining slipped \$1 to \$13.1, it consented to Rosario Resources, up \$1 to \$26, raising its Hecla stake to 19.94 per cent.

The American SE Market Value Index rose 0.68 to a record 200.77, and the volume to 4.35m (4.22m) shares.

Energy issues led the advance. Volume leader Houston Oil and Minerals gained \$1 to \$31.1, Husky Oil \$2 1/2 to \$31.1, Dynalene \$1 to \$11.1 and Great Basin Petroleum \$1 to \$13.1.

Oil and Gas Index advanced 20.5 to 2,861.5, Metals and Minerals firmed 0.1 to 1,339.2 and Banks put on 1.03 to 307.26. Golds lost a further 9.9 to 1,859.4. Utilities shed 0.32 to 237.26 and Papers eased 0.06 to 170.58.

Markets were generally mixed in fairly active trading yesterday, when the Toronto Index finished 3.8 up at a fresh record of 1,614.4.

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shares it does not already own. Properties were mixed, with Suo Ruog Kai Properties losing 5 cents to \$9.75, but Hutchison Properties added 50 cents to \$11.40.

Prices closed lower for the first time in four sessions as late profit-taking and liquidations in front-running Energy issues pared early gains.

Teikoku Oil fell Y17 to Y833 on profit-taking despite its natural gas find in Northern Japan.

Electric powers also fell, with Tokyo Electric Power losing 1/2 to Y337, but smaller utilities advanced.

Runners of an oil strike off Western Australia by a group including NIM hastened the rush for resources stocks.

After trading ended MIM, up 15 cents to \$43.25, announced a non-commercial gas bearing zone had been encountered in the Jupiter area well in which it has a 30 per cent interest.

BHP gained 20 cents to \$45.94 and Woodside Petroleum 5 cents to \$3.85.

Gold shares were generally easier in quiet trading, reflecting lower bullion prices.

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Indices

Table with columns for Index Name, Date, and Values. Includes NYSE, Dow Jones, and various international indices.

Table with columns for Index Name, Date, and Values. Includes Standard and Poors, and various international indices.

Table with columns for Index Name, Date, and Values. Includes Toronto, and various international indices.

Table with columns for Index Name, Date, and Values. Includes London, and various international indices.

Table with columns for Index Name, Date, and Values. Includes Australia, and various international indices.

Table with columns for Index Name, Date, and Values. Includes Johannesburg, and various international indices.

Table with columns for Index Name, Date, and Values. Includes Tokyo, and various international indices.

Table with columns for Index Name, Date, and Values. Includes Brussels/Luxembourg, and various international indices.

Table with columns for Index Name, Date, and Values. Includes Amsterdam, and various international indices.

Table with columns for Index Name, Date, and Values. Includes Copenhagen, and various international indices.

Table with columns for Index Name, Date, and Values. Includes Vienna, and various international indices.

Table with columns for Index Name, Date, and Values. Includes Milan, and various international indices.

Table with columns for Index Name, Date, and Values. Includes Paris, and various international indices.

NEW YORK Stock market listing table with columns for Stock Name, Date, and Price. Includes companies like Control Data, IBM, and various financial institutions.

CANADA Stock market listing table with columns for Stock Name, Date, and Price. Includes companies like Revlon, Johnson & Johnson, and various Canadian firms.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., Last, and other data. Includes various options contracts.

BASE LENDING RATES table with columns for Bank Name, Rate, and other details. Lists various banks and their lending rates.

AUTHORISED UNIT TRUSTS

Table of authorized unit trusts including names like Friends Provident Unit Trst Mgrs, Funds in Court, and various investment funds with their respective details.

Table of authorized unit trusts including Mutual Unit Trust Managers, National and Commercial, and various investment funds.

Table of authorized unit trusts including Prudential Portfolio Mgrs, Quaker Management Co, and various investment funds.

Table of authorized unit trusts including Tower Unit Trust Mgrs, Trades Union Unit Trst Managers, and various investment funds.

OFFSHORE AND OVERSEAS FUNDS

Table of offshore and overseas funds including Alexander Fund, Ailsa Harvey & Ross, and various international investment funds.

INSURANCE AND PROPERTY BONDS

Table of insurance and property bonds including Aikley Life Assurance, Crown Life Assurance, and various life insurance policies.

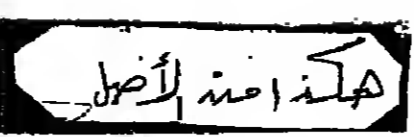
Table of insurance and property bonds including Lloyds Life Assurance, Prudential Assurance, and various life insurance policies.

Table of insurance and property bonds including Sun Life of Canada, Sun Life of Canada (UK) Ltd, and various life insurance policies.

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Notes and disclaimers regarding the information provided in the tables, including references to the Financial Times and legal disclaimers.



INDUSTRIALS—Continued

Table of industrial stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

INSURANCE—Continued

Table of insurance stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

PROPERTY—Continued

Table of property stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

FINANCE; LAND—Continued

Table of finance and land stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

DAIWA BANK logo and text: a fully integrated banking service, Head Office: Osaka, Japan.

MINES—Continued AUSTRALIAN

Table of Australian mines including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

TINS

Table of tin stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

COPPER

Table of copper stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

NOTES

Notes section containing financial information and market commentary.

REGIONAL MARKETS

Regional markets section providing data for various international markets.

OPTIONS

Table of options including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

LEISURE

Table of leisure stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

SHIPPING

Table of shipping stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

TEXTILES

Table of textile stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

TOBACCO

Table of tobacco stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

COMMERCIAL VEHICLES

Table of commercial vehicle stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

COMPONENTS

Table of component stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

GARAGES AND DISTRIBUTORS

Table of garage and distributor stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

PAPER, PRINTING

Table of paper and printing stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

PROPERTY

Table of property stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

INSURANCE

Table of insurance stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

OILS

Table of oil stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

RUBBERS AND SISALS

Table of rubber and sisal stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

TEAS

Table of tea stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

INDIA AND BANGLADESH

Table of Indian and Bangladeshi stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

AFRICA

Table of African stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

MINES

Table of mine stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

CENTRAL RAND

Table of Central Rand stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

EASTERN RAND

Table of Eastern Rand stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

FAR WEST RAND

Table of Far West Rand stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

O.F.S.

Table of O.F.S. stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

FINANCE

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DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

CENTRAL AFRICAN

Table of Central African stocks including companies like Anglo-Tex, Anglo-Tex, Anglo-Tex, etc., with columns for stock, price, and change.

If you care about the EXTINCTION OF WHALES... Support the Protest Rally... Trafalgar Square, Sunday, 8th July, 2.30 pm.



Merger will form 'largest' U.S. advertising group

BY STEWART FLEMING IN NEW YORK

YOUNG AND RUBICAM has said that it plans to acquire Marsteller in a deal which it claims will knock J. Walter Thompson from its position as the largest U.S. advertising agency.

Lord Thomson to see print union leaders

BY ALAN PIKE, LABOUR CORRESPONDENT

LORD THOMSON of Fleet, chairman of the International Thomson Organisation, is to meet leaders of the National Graphical Association to discuss the dispute that has halted the printing of Times Newspapers' publications for seven months.

Barrage of criticism over 30m undelivered letters

BY JOHN LLOYD

THE POST OFFICE, which now has a backlog of some 30m undelivered letters throughout the country—and which faces a possible halt in supplies of stamps because of threatened industrial action by clerical workers, took a barrage of criticism yesterday from users' groups and Conservative MPs.

Comecon agrees on nuclear power switch

BY DAVID SATTER IN MOSCOW

AN AGREEMENT on the manufacture of equipment for atomic energy stations, was signed yesterday by the Prime Ministers of Comecon, the Eastern Bloc economic grouping. It will prepare the way for the massive transition to nuclear power envisaged for the Eastern Bloc in 1981-1985.

Half-year record 1m car sales

By Kenneth Gooding, Motor Industry Correspondent

HALF-YEAR new car sales in the UK have topped 1m for the first time. As a result the industry's forecasters are adjusting their estimates upwards. It is widely expected that registrations this year will reach a record 1.7m compared with the previous peak of 1.66m in 1976.

Film industry tax changes proposed

BY ARTHUR SANDLES

SWEEPING CHANGES in tax for the British film industry are proposed by Sir Harold Wilsoo's Interim Action Committee on the Film Industry. Its report suggests the changes to make it easier for investors and participants in the industry to keep profits and earnings.

Continued from Page 1

Dollar under pressure

The Bundesbank bought \$20m at the fixing and probably significantly more during the rest of the day. The Bundesbank Council yesterday unexpected to West Germany take steps to counter West German inflation, such as tightening credit.

Continued from Page 1

Tokyo summit energy differences

based on the existing agreement by members of the Paris-based International Energy Agency to cut oil consumption by 5 per cent in 1979.

THE LEX COLUMN A new OPEC cash mountain

Index rose 2.4 to 469.3



Except among gold bulls, for whom the price of oil cannot go high enough, there seemed to be some relief in financial markets yesterday that the OPEC meeting had let the world off with a mere \$33.50 a barrel. The relief may not last very long. OPEC's investment—this year is going to be enormous; stockbrokers, Hoare Govett are estimating something of the order of \$45bn, against \$10bn or less in 1978.

Whatever is happening to loan demand, the higher oil price could increase the viability of the sterling market. Whether or not investors were snuffing a petrodollar bill market yesterday, they were nibbling at the two gilt-edged top stocks, perhaps to the tune of £100m nominal.

Weather, Medical Aid Plans, Crusader. Includes weather forecast for UK and worldwide, details of Crusader insurance and financial services, and contact information for Douglas W. Scott.

replacement cost depreciation charge. But how is the group to finance the working capital requirements of a big oil book? The answer is clear to be out of higher profits.

Redland Redland's profits for 1978 are up from £29.9m to £45 pre-tax, and they would have been £2m or £3m higher still for bad weather and the hedge strike which sent the figures into reverse in the second half.

As ever, there are two images of Plessey. There is the growth company in the glamorous electronics sector, with final quarter pre-tax profits surging to £12.2m, up more than a fifth on the same quarter last time, while the year-end order book has risen by an impressive 22 per cent to £217m.